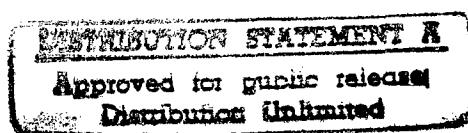




JPRS Report



Near East & South Asia

19980203 182

DTIC QUALITY INSPECTED 3

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

Near East & South Asia

JPRS-NEA-91-040

CONTENTS

10 July 1991

NOTICE TO READERS: Effective 1 July 1991, items that have previously appeared in the NEAR EAST report under ARMENIAN AFFAIRS will now be published in the SOVIET UNION: REPUBLIC AFFAIRS report.

INTERNATIONAL AFFAIRS

Agreement With Turkey on Natural Gas Project [Tehran KAYHAN INTERNATIONAL 2 May]	1
Belgian Foreign Trade Minister Meets Sa'idi-Kia [Tehran Radio]	1

NEAR EAST

REGIONAL AFFAIRS

Saudi-Iraqi 'Cooperation' in 'Suppressing' Shiites [Tehran SALAM 1 Jun]	2
Iranian Official's Wife Begins Visit to Libya [Tripoli TV]	2
Tunisia, Iraq Discuss Media Cooperation [Baghdad INA]	2
Libyan Information Secretary Meets Iraqi TV Director [JANA]	2

PALESTINIAN AFFAIRS

Mood of Nablus Street Described [Tel Aviv YEDI'OT AHARONOT 27 May]	2
--	---

ALGERIA

Commentary Analyzes FLN Internal Divisions [Paris LE MONDE 26 Jun]	5
Commentary Warns of Destabilization of Strikes [EL MOUDJAHID 22 May]	6

EGYPT

Central Bank's New Credit Restrictions Dimly Viewed [AL-JUMHURIYAH 29 May]	7
Petroleum Ministry Sources Reports on 1990 Production [MENA]	8
Business Sector Law Provisions Outlined [MENA]	8
Report Claims Supply Ministry Facing Food Shortages [AL-HAQIQAH 8 Jun]	9

IRAQ

Saddam Receives Tribal Chieftains, Notables [INA]	9
---	---

ISRAEL

Aloni Promotes Unity of Leftist Parties [AL HAMISHMAR 10 May]	9
Trade Minister Defends Economic Stance [HA'ARETZ 10 May]	13

LIBYA

Treasury Secretary Cited on EEC Relations [Tripoli Radio]	15
---	----

MOROCCO

Daily Publishes Istiqlal Party Platform [AL-'ALAM 27 May]	15
Editorials Promote Greater Cooperation With Europe	18
EEC-UMA Ties Stressed [MAROC SOIR 6 Jun]	18
Better Relations With France Noted [MAROC SOIR 8 Jun]	19

SAUDI ARABIA

Conference Discusses Attracting Foreign Investments [London AL-SHARQ AL-AWSAT 16 May]	19
--	----

SUDAN

Government Announces Drop in Expatriate Remittances [London AL-SHARQ AL-AWSAT 14 Jun]	20
--	----

SOUTH ASIA

REGIONAL AFFAIRS

Iran's Besharati Meets With Yemen's Salih [Tehran Radio]	22
--	----

IRAN

Friendly Optimism Toward U.S. Called 'Treachery' [IRNA]	22
Ahmad Khomeyni Scores Call on Return of Investors [SALAM 30 May]	22
Ahmad Khomeyni Urges Constructive Criticism [Tehran Radio]	23
Importance of Kordestan Movement Viewed [Voice of Iranian Kordestan]	23
Kordestan Radio on Force of DPIK Movement [Voice of Iranian Kordestan]	23
'Misuse' of Press, Party Freedoms Scored [RESALAT 25 May]	24
Energy Supply, Consumption Detailed [KAYHAN INTERNATIONAL 11 May]	25
JOMHURI-YE ESLAMI on Power of Oil 'Weapon' [JOMHURI-YE ESLAMI 28 May]	27
Two Shortwave Transmitters Inaugurated [Tehran TV]	27

NEPAL

New Government Facing Stiff Challenges	27
High Expectations [THE RISING NEPAL 27 May]	27
Urged To Learn From Past [THE RISING NEPAL 31 May]	29
Prime Minister Seen Sincere [THE RISING NEPAL 31 May]	31
Leftist Opposition Undemocratic [THE RISING NEPAL 28 May]	31
Prime Minister's Speech [THE RISING NEPAL 31 May]	32

PAKISTAN

Nawaz Sharif Reassures MQM Chief Altaf Husain [VIEWPOINT 9 May]	35
First Budget of Prime Minister Sharif Viewed	35
'Financial Rigging' [VIEWPOINT 23 May]	35
Economic Speculations [VIEWPOINT 23 May]	37
Industrialist Interviewed [VIEWPOINT 23 May]	39
PPP Said Preparing in Earnest for Elections [VIEWPOINT 9 May]	42
'Hypocrisy' in IJI's Economic Policy Alleged [VIEWPOINT 9 May]	42
Fertility Rate Among World's Highest [DAWN 29 May]	43
Urban Growth Termed 'Time Bomb' [DAWN 28 May]	44
Government Urged To Curb Chaos in Transport [VIEWPOINT 9 May]	46

Iran-Turkey Agree on Natural Gas Project

*91AS0953D Tehran KAYHAN INTERNATIONAL
in English 2 May 91 p 1*

[Text] Ankara, Turkey (Dispatches)—Turkish President Turgut Ozal and his Iranian counterpart Akbar Hashemi Rafsanjani have reached an agreement on a major pipeline project for the transport of Iranian natural gas to Europe across Turkey, an official said Wednesday.

Foreign Ministry spokesman Murat Sungar did not say what the project would cost. Several years ago, official sources had estimated the price tag at several billion dollars, before the project was shelved due to Iran's war with Iraq and limited international interest in sharing the cost.

Sungar said the deal would also enable Turkey to meet part of its energy requirements. Turkey planned to take 4 to 5 billion cubic meters (5.2 to 6.5 billion cubic yards) of natural gas annually from the projected pipeline and would lay the stretch crossing its territory, he added.

Turkey is already importing about 6 billion cubic meters (7.8 billion cubic yards) of gas from the Soviet Union every year for industrial use and smog-free heating for its large cities. No other details were provided.

The spokesman said the two sides also reached an agreement for Turkey to import 3 million metric tons (3.3 million short tons) of oil from Iran before the end of the year.

Another agreement reached in the economic sphere, he said, was for Turkey to provide electricity to the Iranian border town of Mako, to be followed by the linking of the two countries' power grids with a 1,000-megawatt power line.

Rafsanjani, the first Iranian head of state to visit Turkey since the 1979 Islamic Revolution, went to Istanbul on Wednesday for sightseeing. He ends his visit Thursday following a tour of vast energy and irrigation projects in southeastern Turkey.

Belgian Foreign Trade Minister Meets Sa'idi-Kia

*NC1260853 Tehran Voice of the Islamic Republic of
Iran First Program Network in Persian 0330 GMT
12 Jun 91*

[Text] Robert Urbain, the Belgian minister of foreign trade who is visiting our country at the head of an economic delegation, met with Mr. Sa'idi-Kia, minister of roads and transport, yesterday afternoon. In this meeting cooperation between the two countries was studied, especially in installations and machinery, as well as in ports, airports, and railways.

REGIONAL AFFAIRS

Saudi-Iraqi 'Cooperation' in 'Suppressing' Shiites*NC1461146 Tehran SALAM in Persian 1 Jun 91 p 12*

["It Is Said" Column]

[Text] It is said that the Saudi Government cooperated with the current Iraqi regime in suppressing the Iraqi Shiites. Following the war and their escape to the Iraqi-Saudi borders, the pro-Islamic Revolution Iraqi opposition groups have been prevented by the Saudi forces from using Saudi territory.

It is said that the Kuwaiti Government has adopted strict laws on the return of the Iranians residing in Kuwait. These laws are mostly aimed at controlling the Shiites in that country politically. This comes at a time following the Islamic Republic of Iran's assistance to Kuwait during its occupation, a fact confirmed by Kuwaiti officials.

Iranian Official's Wife Begins Visit to Libya*LD1606212291 Tripoli Libyan Television Network in Arabic 2000 GMT 16 Jun 91*

[Excerpts] The wife of President Hashemi-Rafsanjani of Iran, and her accompanying delegation arrived in Tripoli this afternoon on a visit to the Great Jamahiriyyah. A grand welcoming ceremony was organized, as the sister wife of the brother leader of the great al-Fatih revolution was at the forefront of those on hand for the welcome at Tripoli International Airport. [passage omitted]

The wife of the Iranian president made a statement to JANA in which she expressed satisfaction and joy at her presence on the soil of the Great Jamahiriyyah among her Libyan sister Muslim women. She thanked the wife of the brother leader of the revolution for the warm welcome. She also underlined the strong relations between the Great Jamahiriyyah and the Islamic Republic of Iran, and their joint struggle against imperialism and racism, in the same trench. She stressed the importance of, and need for the exchange of delegations between the two countries to reinforce bilateral relations [passage omitted on Mrs. Rafsanjani visiting al-Qadhdhafi's house bombed in 1986; noting that she wrote in the visitors' book condemning this "criminal and barbaric act," asserting that the U.S. attack had killed children and "the children have the right to take revenge on the American terrorists."]

Tunisia, Iraq Discuss Media Cooperation*JN1906175091 Baghdad INA in Arabic 1700 GMT 19 Jun 91*

[Text] Tunis, 19 Jun (INA)—Hedi Grioui, Tunisian secretary of state for information, has hailed the immense sacrifices the Iraqi people under Saddam Husayn offered in defense of Iraq and the Arab nation.

During a meeting in Tunis today with 'Adnan al-Juburi, director general of INA, Hedi Grioui reiterated the firm support of the Tunisian leadership and people for the Iraqi people in their legitimate defense of their sovereignty and territorial integrity.

Hedi Grioui urged Arab media to intensify efforts to promote the Arab nation's causes and to oppose conspiracies against its sovereignty and independence.

The Tunisian secretary of state for information expressed Tunisia's desire to develop and activate ties of cooperation on all levels with Iraq in the interest of the two countries under the leaderships of leader President Saddam Husayn and his brother President Zine El Abidine Ben Ali.

The INA director general expressed Iraq's pride in the noble pan-Arab position taken by the Tunisian people under President Zine El Abidine Ben Ali to support Iraq in its confrontation of imperialist conspiracies. He also paid tribute to the developed and fraternal ties, which he described as genuine.

During the meeting, they reviewed media cooperation between the two fraternal countries, particularly the exchange of expertise between INA and TAP.

'Adnan al-Juburi met earlier with Essid Ali Belarbi, director general of TAP, and discussed with him ways of enhancing cooperation between the two agencies.

Libyan Information Secretary Meets Iraqi TV Director*LD1106105491 Tripoli JANA in English 0825 GMT 11 Jun 91*

[Text] Surt, al-Sayf [June] 11, JAMAHIRYAH NEWS AGENCY—The secretary of the General People's Committee for Information and Culture yesterday afternoon met in the city of Surt with Faysal al-Yasiri, the director of Iraqi television, who delivered to the secretary a letter from the Iraqi minister for culture and information.

PALESTINIAN AFFAIRS

Mood of Nablus Street Described*91AE0437A Tel Aviv YEDI'OT AHARONOT in Hebrew 27 May 91 pp 23,35*

[Article by Roni Shaked: "Who Really Rules in Nablus"]

[Text] "Are you armed?" the tall, thin youth with a small moustache asked me. When I replied that the pen is the weapon of the journalist, he smiled, and, while casting inquisitive glances to the corners of the street, hinted to us to walk close to him without delay. "Today, the army and the men of the Shabak are going around in the Casbah. I am wanted, and it is necessary to watch out."

Afterwards, while we were sitting in one of the houses of the Casbah, he told about the life of a wanted person: "I

have one foot in the graveyard and the other in prison. I know that one day the Shabak will catch me alive or that I will die as a shaheed (martyr—R.S.). I am not afraid, because I believe in what I am doing. Within the Casbah, I go about without any fear. When the army is around I am cautious. Each night I sleep in a different place. Many nights in a sleeping bag in a hiding place or in a ruined house. I don't tell anyone where I sleep at night. Only God knows."

We followed Mahmoud in the narrow alleys of the Casbah. It was not hard to determine that this young man, all of 22 years old, is one of the commanders of the city. It could be seen because he is admired by the inhabitants of the Casbah, who treat him as a leader. "Ahalan Bilishabab" from every side and every store. He replied to every greeting with a serious expression. He stopped occasionally and conferred in secret with one of the youths. From one of the streets, we turned towards a dark alley. Before we stepped back into the daylight, he called to one of his comrades, gave out instructions for guard duty, afterwards strode quickly to one of the houses, and signaled to us with his hand to enter.

"We, the members of the committee of "Alshabiba Alfatahiyya" (the youth movement of the Fatah, R.S.), serve in effect as the popular government of the city of Nablus. We have established a committee of five members, all of them wanted, members of the Fatah organization. In every revolution there is also a need for a civilian leadership alongside the military command. We organize the civilian activity of the life of the city and the intifadah. That means, to put everyday life in order, to solve problems and disputes between individuals, to prevent immoral behavior, to punish criminals, and also to ensure the implementation of the decisions of the Unified National Command and, especially, the observance of strikes. Our goal is to escalate the intifadah and to bring it to a new stage that will be similar to that of the first months," Mahmoud says.

While he is speaking, the sound of the explosion of an assault grenade is heard, and, after that, several shots. "That's from the nearby position," says one of the wanted ones, a member of the leadership committee that is in the house, trying to calm us. "The shabab throw stones on the soldiers, and they shoot. Nablus is really like the good days of Beirut. Shots, explosions, and no one gets excited any more."

On the lowest level, the intifadah is led by groups of youths. The characteristics of the five members of the committee from Nablus are similar to those of the members of the committees in other places in the territories. The five of them are former security or administrative detainees. The youngest is 22 and the eldest is 27.

Nasser, the eldest in the Nablus group, is identified as the commander of the city. "During my life I've been arrested 28 times. I sat in prison nine years. Since the beginning of the intifadah, I was sentenced to 15 months, and before that I was in administrative detention for six

months. They tried to arrest me ten months ago, [but] I fled and today I am wanted. I decided not to sit in prison again. I don't think about my future. That doesn't matter to me. We live today in the intifadah, and if I were to ask and take an interest in what will become of me, I wouldn't be active," he says, even with a smile on his lips.

Nasser, like two of his comrades, is always close to the pistol on his hip. During the conversation, the members of the committee explained to me that the pistol is intended only for self-defense. Another youth who sat in the room pulled out from his hip a large, sharp and terrifying knife. "This knife belonged to members of the Black Panther who operated in the Casbah. They killed several collaborators with this knife," he said, and shoved the knife into the hands of the photographers Sha'ul Golan. Golan could not contain himself: "The knife should be painted in red," he said, and the group of wanted persons broke out in laughter.

Life in the Casbah of Nablus is a testimony and reminder that the intifadah continues. Although in the Israeli street they prefer to close their eyes, in Jenin, Hebron, Ramallah and Gaza, as in Nablus, the intifadah in all of its manifestations continues to exist, with great hatred for the Israelis, especially for the army and the settlers. The murder of persons suspected of collaboration, the throwing of stones and bottles, clashes with the army, the writing of slogans, and the flying of flags are everyday occurrences. And along with all that, in every village, city or refugee camp, a local leadership is becoming established, which actually runs daily life. And, as in the Casbah of Nablus, the members of the committees are generally wanted persons. Many of them, such as the three members of the committee of Nablus, are armed with pistols that they do not hide. They have the admiration of the residents, who more than once accept their authority because of the weapons that they possess. They do not hide; they operate openly. When the army arrives, they have no difficulty in taking cover in any house that they come upon.

There have already been many leaderships and leaders in Nablus. "The Red Eagle," "The Black Panther," "The Revolutionary Security Apparatus," and leaderships with similar names, some of whose members are today in prison, while the rest were killed in clashes with IDF forces. The five members of "Alshabiba Alfatahiyya," who have been running the life of the city of Nablus for the last nine months hope that, unlike the members of the other groups, they will not fall into the Shabak's net.

"Alhamdallah, we enjoy the trust of the residents, and try to do everything in our power to aid the residents and to lead them wisely," said one of the five members, who had short, curly hair and the stubble of a beard. "We established the committee in order to respond to all of the city's needs. And there were many problems, murders of those suspected of collaboration, thefts, immoral acts, factional and personal feuds, problems that were liable to influence the continuation of the intifadah. In

order to prevent this deterioration, we decided to establish the committee and to impose [our] authority on the city. Our goal was to prevent anarchy and simply to maintain the intifadah."

They are a government in every way: they punish collaborators, distribute permits to taxis and to owners of stands on the main street of Nablus. They apprehend thieves, judge them, and determine punishment. They serve as the execution office for the decisions of the civil court in Nablus. They punish drug dealers and aid in the rehabilitation of addicts. They intervene in family quarrels, including those between a husband and his wife. And along with all this, they conduct the intifadah—ensuring that the strikes are held, that Israeli goods are boycotted in the marketplace, organizing the battalions of the shabab for setting up roadblocks and burning tires, and organizing the clashes with the army. The members of the committee are in touch with the Fatah headquarters outside of the territories, they send reports on their activities and receive instructions and money to finance their activities. They also coordinate their activities with the headquarters in the villages in the vicinity of Nablus, and they also coordinate activity with the members of the Hamas [Islamic Resistance Movement] organization.

Several months ago, the members of the committee decided to provide the youth of the Casbah with military uniforms, ranks and symbols. "We purchased a sewing machine, we bought camouflage and khaki cloth, in Tel Aviv, of course. We have members in the organization who know how to sew. We sewed about 2,000 military uniforms, including caps, and we distributed them to the members of the Shabiba. We used to have a storeroom, but the Shabak managed to get to it. In order to prevent this, we decided that every member would be responsible for his own uniform," I was told by one of the wanted persons, who noted that the uniforms were worn for parades or during special activities.

About three weeks ago, members of the "Alshabiba Alfatahiyya" apprehended four thieves who specialized in thefts from rich residents of the city and from electrical appliance shops. Mahmoud relates: "We paid a lot of money to the residents of the city so that they would keep an eye on them and provide us with evidence. We followed them to Ramallah and Jerusalem. When we had the evidence, we arrested them for interrogation. We interrogated them intelligently, without blows, as the Shabak interrogates. We are all graduates of prisons and the interrogation cells of the Shabak. They confessed. Afterwards, we established a popular court with three members. The sentence was 150 lashes for each of them in the city square. We announced over a loudspeaker to all the residents that they were to assemble in the central square of the Casbah. We bound the four to iron poles. The residents were very glad and encouraged us to hit them. We meted out 150 lashes to each of them, to the sound of the residents's applause. Now we are certain that there will not be any more thefts in the city."

One of the members of the committee, who for the purposes of this report will be called Yousef, related with amusement that "even the police acknowledge us. A few weeks ago, one of the merchants of the city wanted to submit a theft complaint. At the police station they told him to go to the Shabiba."

They boast of having seized 200 thousand counterfeit dinars. "This was the work of residents of Nablus in cooperation with Israeli Arabs and Jews. We burned all the counterfeit money. The police don't even know about it," said Mahmoud.

"The members of the Fatah committee who lead the city of Nablus are full of pride over the cessation of the murder of suspected collaborators in Nablus. One of our first decisions was to prevent bloodshed. And, in fact, for some 20 months, no one has been murdered in the Casbah, not even suspected collaborators.

"We understand that the murders do not serve the propaganda of the intifadah. And, aside from that," Mahmoud tells me, "every one errs during his life. But we are not God and we do not have the authority to hand down death sentences, unless a murderer is involved. We will mete out bodily punishment to the collaborators, and afterwards we will get them back on the right path. Some time ago, we arrested a collaborator who had kidnapped a woman from her husband. We took him to our prison. He confessed. Our court sentenced him to 150 lashes. We didn't think of killing him even though we knew that he had turned me in and that I had set in prison because of him. We carried out the punishment in the center of the Casbah, just like in Saudi Arabia. The residents spat on him and cursed him. Then we let him go."

Dr. Mahmad Abdo Fahed, the director of the Ittihad hospital in Nablus, along with another eight administrative employees, were dismissed on the instructions of "Alshabiba Alfatahiyya." Residents of the city tell of an investigation of the employees that is going on due to embezzlements amounting to thousands of dinars. Mahmoud does not hide the fact of the dismissal of the director of the hospital. "When Shayke Erez, the head of the Civil Administration, completed his duty, Dr. Fahed held a farewell party for him. He must be punished for that."

The members of the present committee published an order against collections, extortion, or fundraising. "We have enough money for our needs," says Yousef, hinting at funds that arrive from PLO headquarters. "And aside from that, every member of the Shabiba pays a monthly donation of five dinars to the organization.

"We have a kind of police force of our own. For example, we took care of keeping order at the city's taxicab station. We distributed work permits, and only holders of our permits can enter the central bus station and pick up passengers. The revolutionary police also takes care

of order and sanitation in the city square, and especially prevents the peddlers from interfering with traffic," says Yousef.

When we spoke about the intifadah, the wanted ones said over and over again, "We have no hope besides the intifadah. So even if we get an order from the PLO or from the Unified National Command to cease the intifadah, we will not obey them. The intifadah will continue until a solution is found for our problem, or, as we say, we will go on until victory."

And when I asked them what solution they mean, I heard new voices from the hard core of the intifadah: "two states for two peoples. Exactly what your singer Yardena Arazi sang and you didn't want to play the song. We have a hope, and we are willing to wait even 20 years for its realization," Mahmoud said to me.

The crowded Casbah with its narrow alleys makes it possible for the wanted ones to move about in the daytime or at night, albeit while taking precautionary measures, but they feel relatively secure. The colorfulness and odors of the Casbah could in times of quiet serve as a tourist attraction for enthusiasts of the East. But during the intifadah, even an Arab from one of the Israeli towns will think twice before he decides to enter the stronghold of the intifadah, an area ruled by the armed wanted ones.

During the afternoon hours, the wanted ones urged us to get out of the city. "We scheduled today an escalation of the clashes with the soldiers. Soon we'll begin to throw stones, set tires ablaze, and other activities in order to make life difficult for the army. We're delaying the activity because of you."

When we left Nablus, it was still quiet in the streets and no stones were thrown. In the evening, it was reported that there were clashes between the shabab and the soldiers of the IDF and that two youths from the Casbah were wounded by the soldiers's gunfire. The intifadah continues.

ALGERIA

Commentary Analyzes FLN Internal Divisions

91AA0479A Paris LE MONDE in French 26 Jun 91 p 4

[Article by Georges Marion, correspondent in Algiers: "The FLN Is Undermined by Competing Factions"—first paragraph is LE MONDE introduction]

[Text] Three weeks after the government of Mr. Mouloud Hamrouche resigned and a state of emergency was declared, the National Liberation Front (FLN) is to hold a closed-door session of its central committee, beginning on Wednesday 26 June in Algiers. The discussions, which will last three days, promise to be stormy and may result in the replacement of the current leadership, held responsible for the policy that nearly toppled the once unrivaled FLN from power.

Algiers—The FLN's central committee had not met in many months. Rather, Mr. Hamrouche's government, despite being a product of the FLN, did not see fit to consult the central committee on the main provisions of the electoral laws that would cause the government's downfall. Nor on the party's candidates. A selection committee—made up of walis (governors of regional administrative districts) meeting with the general secretary, Mr. Abdelhamid Mehri, the prime minister and the interior minister at the time—assumed that responsibility, taking an ax to the party's lists of nominees.

Those methods are not about to be forgotten. They have rankled a good number of the central committee's 265 members who are forced to acknowledge a bitter reality: For the first time since independence, the once unrivaled party is no longer running things, having been pushed onto the sidelines by a governing team that, in an ironic twist, is composed to a significant degree of former activists who went through basic training in the ranks of the FLN before gaining the upper hand. The discussions are therefore expected to be particularly acrimonious and possibly turn into a settling of scores.

A confrontation will take place between two main groups. The first represents the party's incumbent leadership, which is more or less cohesively grouped around Mr. Mehri. He has the passive support of President Chadli (a relative by marriage) and, most likely, part of the central committee as well. He also seems able to count on Mr. Hamrouche who now has no other forum but this in which to make himself heard.

An appearance by the former prime minister is awaited with curiosity. Since his departure from office, he has carefully refrained from making any statements. Will he even attend the meeting? If so, what sort of speech will he make, given the probability that his record will be the focus of a debate pitting the committee's various factions against each other? Will he attempt to place himself in the running to become the next presidential candidate, an ambition some see in him? Will he merely defend the stewardship and position of Mr. Mehri who served him faithfully during his entire tenure as prime minister? All of these questions contribute to the curiosity of the political community, which is as excited about a possible return by Mr. Hamrouche as spectators at a boxing match watching a stunned contender rise to his feet just before the count is up.

The group opposing Mr. Mehri is heterogeneous—a mix of "veterans" and would-be candidates eliminated from running in the legislative elections originally scheduled to take place on 27 June and 18 July before they were postponed. The "veterans"—still referred to as the "barons" and even the "bosses"—are resentful. Singled out as targets by the preceding government, they were accused of opposing reform and suspected (not always incorrectly) of seeking to torpedo a prime minister not known to don kid gloves in excluding those opposed to his policies. As for the ex-candidates, suffice it to say as a gauge of their number that 80 members of the central

committee were prevented from running by a selection committee that included the minister of the interior but not the party's leaders.

A Revolution Betrayed

There is a third, smaller group and it is defined more by its political approach than by its sociology. Unlike the supporters and adversaries of the incumbent leadership who can be expected to vie for control of the political bureau by confronting each other over the functioning of the party and the results of Mr. Hamrouche's policies, this third group—a meeting ground for former Boumedienists who could be termed “radicals”—may use the central committee meeting to attempt a breakaway in the name of the “betrayed ideals of the revolution.” Believing it impossible to put the FLN back on track, the “radicals” are uncertain whether to create a new party with a new name or to stand up for FLN tradition so as to make it evident that the party has been led astray.

Whatever its outcome, the new prime minister, Mr. Sid Ahmed Ghazali, will be watching the central committee session with interest. Although he himself is a committee member, in all likelihood he will not take part in the meeting, believing it important to underscore the impartial nature of his transition government. However, the gathering is not a matter of indifference to him, far from it.

Indeed, the leadership that will emerge from the power struggle inside the central committee will either be well-disposed toward him and eager to deliver the cooperation of the legislators, almost all of whom are affiliated to the FLN; or, on the contrary, capable of making things difficult for him at a time when several thorny bills—reform of the electoral law, in particular—are coming up for debate in Parliament.

The choice of candidates for the legislative elections—i.e., the possibility of an alliance between the FLN and the prodemocracy parties—will depend upon the party's new leadership. Aside from the Army's tanks, Mr. Ghazali does not seem to believe there is any other way to check the advance of the Islamic Salvation Front. Moreover, the FLN, which the prodemocracy parties view with an instinctive distrust, must still meet the others halfway and quickly become a political party like any other.

Commentary Warns of Destabilization of Strikes

91AA0450B Algiers EL MOUDJAHID in French
22 May 91 p 5

[Commentary by M. Boukhalfa: “Social Conflicts: What Is at Stake With This Tension”]

[Text] The rise in social conflicts has begun again in earnest. More than 1,000 workers are expressing their socioprofessional demands by taking part in strikes.

When we observe the turn of events in certain strategic companies (the National Enterprise of Operations and Aeronautical Security [ENESA] and the National Enterprise of Metallic Packaging [EMB]) or vital sectors (Customs and Miscellaneous taxes in the western part of the country), there is every reason to wonder about the supporters and the outcomes of this phenomenon.

Whatever the two parties to the conflict say, is the ENESA strike such that it will establish the hoped-for conditions for the acceptance of the process of business redeployment as part of the reforms, despite the gnashing of teeth?

Each time a business gets going again under new management, must there be a break, a sort of split that must bring about a new configuring of social relations or even of the business? Or can one even admit the fact that by a well earned turning of the table the labor union will put its seal of approval on the transition to a different system within the ENESA?

If not, how else can we explain the fact that despite this unlimited strike, a compromise solution will be accepted sooner or later? We have the case of the National Blida Metal Company, with more than 20 strike days before the general director left, to remind us that every quarrel will be cleared up without fail. The strike weapon cannot be brandished in a society that is undergoing a total transformation, particularly since the socioeconomic fallout weighs more heavily than the gains on the ENESA, where, late in the day, we learned that management was in the middle of negotiations to find common ground with the trade unionists, and the situation is quite different.

There are heavy consequences in the slowdown in all civil air traffic over the country. The more so since the future will tell us which of the two parties is right or wrong.

But the urgency of finding a solution is gaining ground not just to free up the situation but also and in particular to establish the basis for a viable redeployment of business in favor of national air traffic first of all, then of the workers themselves.

Still in the transportation sector, shipping also runs the risk of being affected by the strike by customs officers, who are threatening to extend their action on a national scale if no hint is extended in the direction of their demands. Here too the situation is delicate, all the more so since the management of the customs service is sensitive to the workers' complaints.

Furthermore the move by miscellaneous tax collectors in the western part of the country also threatens to turn into a campaign, with unmet socioprofessional demands being the key.

Must we detail all the conflicts that have been made in recent days throughout the country's economic sectors? To attach major importance to them, aside from the

cases that call out for specific, objective solutions, is certainly to fall into the game of "who is striking against whom."

According to the minister of social affairs, there were 2,000 labor conflicts in 1990, as compared with 3,000 in 1989.

These are big figures to be sure, although for all that these labor conflicts will not be completely resolved as long as communications structures have not been put in place and in particular as long as a lack of social stability persists within economic units. With 65 percent of these conflicts having to do with wage demands between 1989 and 1990, we can easily decipher the message: as long as prices fluctuate, demands (at least a large proportion of them) will center on wage hikes. Nevertheless the political dimension of the stoppages this May and of those announced for the month of June (the dispute between Naftal and managers of service stations) cannot be ignored. It is possible to read the current strikes according to what is at stake at the moment.

And since the campaign leading up to 27 June has already begun, there is the strong possibility that these protest movements could take on a political coloration. Since the stakes in the races for the National People's Assembly are high for certain political groups that are having a hard time finding voters, "interferences" cannot be excluded that would thus alter the real aspects of workers' complaints. This is a badly chosen time. Must the Algerian trade unionist become the perfect image of "Sisyphus"? The social climate on the eve of the first multiparty legislative elections since independence could suffer and catch a "cold" if these strike actions persist, just as the positions of the managements of these firms must be more flexible. What is at stake is the social stability of a country, of a plan for a society that sooner or later will be exhaustively studied, without smugness, by the future National People's Assembly, whose advent calls for a calm social climate.

EGYPT

Central Bank's New Credit Restrictions Dimly Viewed

91AA0430A Cairo AL-JUMHURIYAH in Arabic
29 May 91 p 4

[Article by 'Abdallah Nassar Jalal Rashid]

[Text] The Central Bank issued instructions to the banks to reduce the provision of credit to the public and private sectors. The decisions and instructions are as follows:

- The banks must not grant new credit to public sector or private sector patrons and must suspend domestic permits completely and immediately.
- The banks are not to increase existing facilities and must not permit the disclosure of patrons under any circumstance.

- The banks are not to establish uncovered documentary credits and must require any documentary credit to be covered in full with cash.
- The banks must require overdrawing patrons to settle the overdraft; the calculation of additional interest to the amount of 1 percent on overdrawn sums can be viewed as a means of pressure to effect settlement, provided that this practice does not result in an increase in indebtedness.
- The banks must reduce the scope of loans guaranteed by deposits and to make efforts to eliminate such loans.
- The banks must require gradual payment of loan interest that is due or becomes due; a patron must supply the bank with monetary flows or checks, in the sense of precluding an increase in the [patron's] current balances to the amount of the value of the interest [due].
- The legal administration must immediately study the possibility of prohibiting the use of the residual [mutabaqqi] within the permitted limits.
- Provision shall be made so that permitted facilities are renewed only within the scope of [the patron's current] balances and only after the repayment of all overdrafts.
- Facilities permits that have not been changed shall be eliminated after consultation with the authority that granted the facility.
- An arrangement shall be effected with patrons permitted to have executor [munaffizah] facilities, which have not been used, according to which such facilities shall be cancelled, after consultation with the authority that granted the facility.
- The banks should focus on developing deposits of all types through different means without reluctance or fear of the burdens of their cost.
- The banks should develop other banking services, given that they are the most important sources of banking revenues.

These resolutions are binding. They must be implemented immediately and monitored closely by bank branch directors. The Central Bank serves notice that violation of the credit ceilings is deemed damaging to the economy's interests and violators will be subject to questioning.

Experts of the banks advocate exempting production factories and companies from compliance with the Central Bank's decisions regarding credit restrictions, especially factories involved in export operations and contracts, because the circumstances now being experienced by the country require an increase in production and the establishment of new export markets.

In addition, production requires continual financing for the purchase of raw materials and the payment of the salaries of workers in production factories.

The Negative Effects of the Decision

The experts state that the Central Bank's decision will have negative effects on the current production process,

and that the banks' suspension of financing for existing companies will result in a reduction in these companies' production capacity and the dismissal of a segment of their manpower.

The experts added that the decision is not in the interest of production for export, inasmuch as the factories have concluded export contracts with foreign countries and must import raw materials, which is entirely arranged through facilities provided by the banks. If credit is suspended, these factories will be exposed to a loss of payables from suppliers and importers abroad, because the ratio of paid capital to loans in projects is at most 1:1 or 1:2.

A banking source stressed that the banks' ability to absorb new deposits from citizens will decline as long as there are restrictions on the banks' ability to grant credit and invest funds deposited in them. The banks will refuse to accept new deposits, which will compel the transacting public to seek new channels in which to deposit their money. Consequently the investment companies [and the problems associated with them] could return in another form.

Some experts of the banks stressed that the decision will lead to a contraction [in activity] and that production factories should be excepted from it, because the production process entails an employment and marketing cycle, which requires time, and factory owners cannot provide the liquidity needed for all of this unless they rely on borrowing from banks.

Ahmad 'Urfah, the chairman of the investors division in the Federation of Chambers of Commerce, accused officials in charge of the economic sector of not wishing to assist production projects. He called for stability in decisions and laws which are promulgated to attract more investors to Egypt. He stated that he was surprised by the Central Bank's decision to restrict the banks' provision of credit, and added that decisions affecting the manufacturing and production should be studied before being implemented to allow factory owners to decide whether or not to increase production.

This decision will increase idle capacities, reduce production, cause the suspension of export operations, and consequently expose factories to a sudden imbalance.

"The Suspension of Export Operations"

Mahmud Khamis, an investor in the City of the 10th of Ramadan, states: I export to markets in Europe, America, and the Arab countries. My exports this year total about 80 million Egyptian pounds. This decision will bring export operations to a halt.

He asks: How will I arrange the wages of workers and the purchase of domestic and foreign raw materials? The provision of all of the factories' inputs depends primarily on financing from the banks. The restriction of banking credit will affect the factories' production capacities and

reduce exports. He calls for a review of this decision that would favor the factories and production force.

Petroleum Ministry Sources Reports on 1990 Production

*NC16060656 Cairo MENA in Arabic 1330 GMT
15 Jun 91*

[Text] Crude oil production in Egypt last year totaled 44 million tons, a 2-percent increase over 1989's total of 43 million tons.

This was announced by a Petroleum Ministry source, who added that revenue from 1990 oil exports amounted to \$2.288 billion, compared with \$1.709 billion in 1989. Egypt imported oil products worth \$892 million in 1990, compared with \$690 million the previous year.

The balance of payments in the petroleum sector in 1990 registered a surplus of \$1.396 billion, an increase over 1989's surplus of \$1.019 billion.

Egyptian refineries processed 23.2 million tons of petroleum products in 1990, a 5.6-percent increase over 1989's output of 22 million tons. Domestic consumption of petroleum products and natural gas rose from 25.5 million tons in 1989 to 26.3 million tons in 1990, a 3.2-percent increase.

Natural gas production in 1990 totaled 6.1 million tons, a 4-percent increase over the previous year's total of 5.9 million tons. Production of condensates [mutakaththifath] rose by three percent from 950,000 tons in 1989 to 981,000 tons in 1990.

Butane gas production totaled 566,000 tons in 1990, a 1-percent decrease over the previous year's figure of 572,000 tons.

Business Sector Law Provisions Outlined

*NC1406070791 Cairo MENA in Arabic 2050 GMT
13 Jun 91*

[Excerpt] In this evening's People's Assembly session, the draft law on the public business sector companies was passed. The law stipulates that company employees should have at least a 10-percent share in company profits but that the actual percentage should be determined by the company's general assembly. The amount the employees receive as part of these profits must not exceed their total basic annual wages.

Under the law's articles, an employee's service can be terminated for the following reasons: loss of Egyptian citizenship, except in cases of reciprocal treatment vis-a-vis citizens from other countries [as received]; reaching 60 years of age; being found medically unfit for service; being found guilty by a court for criminal acts or for crimes involving ethics or breach of trust, unless the sentence is suspended; reaching the end of seasonal or temporary service; or upon resignation, retirement, separation, or death. [passage omitted]

Report Claims Supply Ministry Facing Food Shortages

91P40329A Cairo AL-HAQIAH in Arabic 8 Jun 91 p 1

[Report by 'Afifi Jalal]

[Text] Because it has no foreign currency available, the Egyptian Central Bank has refused to provide 1.5 billion Egyptian pounds to meet the Supply Ministry's urgent need to import foodstuffs to offset the serious shortage in its warehouse.

Sources said that the Supply Ministry will be forced to raise prices on imported foodstuffs at the beginning of July. The ministry has decided to raise the price of dried fish and to cut rice rations in preparation for finally removing rice from ration cards.

The Supply Ministry is currently holding urgent talks with officials in Australia, the U.S., and France to import 1.5 million tons of wheat to meet its deficit of 2 million tons this season. This is compared to a deficit of 3 million tons last year.

Official sources in the ministry have affirmed that Dr. Jalal Abu-al-Dhahab, supply minister and leader of this year's Hajj delegation, will hold talks with Saudi Arabia to provide some wheat to offset the deficit.

IRAQ

Saddam Receives Tribal Chieftains, Notables

JN1606141891 Baghdad INA in Arabic 1305 GMT
16 Jun 91

[Text] President Saddam Husayn this morning received tribal chieftains, social figures, and members of the people's councils in the city of Saddam in the Baghdad Governorate.

In speeches during the meeting, the tribal chieftains and the city's notables expressed the loyalty of the residents of the city of Saddam to the revolution and its principles, which enhanced the reputation of the homeland, liberated it from the foreigners' hegemony, restored its wealth, enabled it to use its wealth for the benefit of its people, and built dignity throughout Mesopotamia.

They also said that these principles have enhanced the honor of the individual and provided him with the means for a decent and secure life under justice and equality among all citizens regardless of religion and race.

The tribal chieftains and notables declared that the residents of the city of Saddam love President Saddam Husayn and are absolutely loyal to his excellency, whose instructions and direct personal supervision of the city have resulted in the present high level of construction and services the Iraqi citizens deserve.

They also voiced their insistence on supporting his leadership under the banner of "God is great" by which his excellency leads all the faithful in achieving the social and democratic changes begun by the revolution and its Ba'th Party at this stage.

The notables and tribal chieftains also touched on the solid position adopted by the city's residents toward certain demagogues, and on the way they managed to bury the sabotage attempts as a result of their belief in the leader and his principles.

They stressed that the citizens are facing attempts by the enemies and their agents to sow sedition and spread anxiety and misleading rumors with their awareness and their rallying around their leader and revolution.

The tribal chieftains and notables pledged in the name of the residents of the city of Saddam to step up their work and participate with all Iraqi citizens in eliminating the results of the American-Atlantic-Zionist aggression as well as the actions of the brutal mercenaries, the agents of Iran and the Zionists. They also stressed that the infrastructure attacked by the aggressors and their agents will be rebuilt through the wisdom of the leader and the determination of the people.

President Saddam Husayn then thanked the residents of the city of Saddam for their sentiments; for their position before, during, and after the aggression; for their cohesion with their people in facing the aggressors and their agents; and for their contribution to the battle of construction. He stressed that Iraq is the homeland of all and that the protection of its security and sovereignty is the responsibility of everyone.

ISRAEL

Aloni Promotes Unity of Leftist Parties

91AE0423A Tel Aviv 'AL HAMISHMAR in Hebrew
10 May 91 pp 5-7

[Interview with Shulamit Aloni of Citizens' Rights Movement by correspondent Arye Palgi of 'AL HAMISHMAR; place and date not given]

[Text]

[Palgi] MAPAM [United Workers Party] and Shinui were not thrilled when you announced your preference for the left wing parties to unite for the next elections.

[Aloni] The parties had not yet held formal discussions on the subject, so their members felt as though they were being rushed into it. I think that unified action is a necessity, but it must be carried out with good will, for which prior discussions are essential. Current conditions demand joint action, but the discussions still have not taken place. I said that at the same press conference, but the reporters did not underscore it. The reactions that followed were the result.

[Palgi] With all your experience in public life, could you not prevent this reversal in emphasis?

[Aloni] The main subject was the the Citizens' Rights Movement census. The reporters pressed me on the issue of a joint campaign and I stressed that nothing could happen before the party committees debated the matter. But the reporters did not stress what I said. [Palgi] They took it out of context... [Aloni] I did not say that. They reported only some of my comments. Look, I am speaking with a reporter right now. I am telling you again, and I hope that you will accurately report it, that given the current reality in Israel, it would be a sin if the Citizens' Rights Movement, MAPAM and Shinui do not find a way to present a joint platform. I mean a joint framework, not a unified party, because when it comes to the issues of human rights, state and religion, and good government, we all speak the same language. Where are the differences of opinion? Beyond the differences in temperament, tradition and semantics, you will find a divergence in what we stress in only one area: the pluralist economy, what is called today "the market economy" in quotation marks—the degree to which government must interfere to assure that no one suffers privation.

[Palgi] That is the only difference?

[Aloni] Yes. There is another difference, MAPAM's tradition. It is a very old movement with considerable economic assets, with all that that implies.

[Palgi] There exists a Marxist supposition that the three parties are leaning towards a joint platform because each alone lacks the means to face the challenge of elections presented by the nineties.

[Aloni] As far as we are concerned, and I think that this is true also for Shinui, that is not the primary motivation. It is true that we have fewer hours on television and radio, and above of all, less money, but I ran in 1974 without money and won three seats.

[Palgi] It will be different in '92.

[Aloni] Everything is more expensive, that is true. But the Citizens' Rights Movement has sufficient funds to win six or seven seats. Think how much energy, effort, and money will have to be expended to explain the difference between me and Yair Tzaban.

[Palgi] If it is to be an ad hoc combination, will it be worth the effort? And if it is a path to unification, are you not minimizing the differences in opinion among the three parties?

[Aloni] I do not think it will be ad hoc. This is the first attempt to live together in a pluralistic framework. I was a member of Hashomer Hatzair [MAPAM youth movement], too, but theoretical collectivism no longer exists, even in Hashomer Hatzair. Also, the membership of the Kibbutz Artzi federation of MAPAM is shifting its orientation from the collective to the individual. In

today's Israel, even MAPAM cannot be a kibbutz with a political party. Therefore, I say that we try to work together.

[Palgi] In the socioeconomic sphere, there are serious differences of opinion between MAPAM and Shinui, and differences in emphasis between MAPAM and the Citizens' Rights Movement. Will you be able to overcome them?

[Aloni] All of you sat for 20 years with the Labor Alignment, in which there existed pronounced right wing opinions.

[Palgi] That example would not whet anyone's appetite for unification.

[Aloni] I think that the differences among the three parties are minor, especially in practice. Even Amnon Rubinstein [of Shinui] does not want to abandon the elderly or deny health care to anyone. When you speak of fighting poverty, Rubinstein is no less concerned about social affairs than Amri Ran. Actually, the Citizens' Rights Movement is a good example. We have former SHELI [Peace for Equality in Israel] members, who are more devoted to these matters than those in MAPAM, and we have those who have what are called "liberal views Shinui-style." They get along just fine together. There are discussions, then they find common ground and reach mutual conclusions.

[Palgi] If that is so, why can you not do the same with the Labor Party?

[Aloni] It does not want us. Elazar Granot, on behalf of MAPAM, asked us to meet with Shim'on Peres about that. Despite our reservations, we went to the meeting. It turned out that the Labor Party did not want us. Yitzhaq Rabin even said that the left is endangering the state. And you speak about government mismanagement, about the ugly religious coercion that exists today, about prying into women's matters, about circumcisions after death—thanks to whom were all these things introduced? Thanks to the Labor Party!

[Palgi] Do you not also say that compromises are necessary at this critical time for the sake of building power?

[Aloni] The Labor Party does not want us. If the three parties run together, there is a chance that those who would not vote for small parties such as the Citizens' Rights Movement, MAPAM and Shinui will vote for us.

[Palgi] Just where do you expect the new organization to draw its increased strength from?

[Aloni] First of all, there are large numbers of first time voters. Are they bound to anyone? Does the Labor Party or Likud have a concession on them? These people are tomorrow's cannon fodder. We also have recent immigrants, whom I am not prepared to surrender.

[Palgi] Are you looking to take any of Labor's current electoral support?

[Aloni] To take? They will come on their own volition. Every public opinion poll has shown that 20 percent of Labor's voters agree with our views, but they vote for Labor because it is the big party. If the three of us combine forces, they would not have a problem. If Eli Landau [of Likud] and his colleagues do not form a centrist party, and that is a new story, some Likud members will also make a "bypass" and come to us rather than to Labor.

[Palgi] They would go that far?

[Aloni] Such things happened in the last elections.

[Palgi] Do you believe that Labor's Knesset doves will join you?

[Aloni] There is a greater chance of that if the three of us run together.

[Palgi] Is that a guess or an assessment based on talking with them?

[Aloni] That is an analysis of the situation.

[Palgi] Is it that you have not talked with them or that you do not want to "squeal" on them?

[Aloni] We have not spoken. That is an analysis drawn from their positions. But I am not counting on them. Let them come—they are welcome.

[Palgi] Are you counting on breaking the deadlock or on a new direction?

[Aloni] I am hoping for a new direction.

[Palgi] If you bring voters from Labor to the new party, would not you have redrawn the political map?

[Aloni] In the first place, if that happens, it is a sign of what the nation is. It is always better for us to gain strength and not Labor. Take the 10 of us from the Citizens' Rights Movement, MAPAM and Shinui in the Knesset and compare us to any 10 in the Labor Party, and you will see that we are better. Ask the public, including those against us, who is more reliable and more credible, or even a better fighter for the working man.

[Palgi] He was asked something over two years ago. The elections then presented a test that your view did not pass.

[Aloni] In the first place, the Citizens' Rights Movement grew from 50,000 to 100,000 voters. MAPAM received 50,000. And we competed with each other. Moreover, people do not want to vote for small parties.

[Palgi] Fifteen seats represents about 500,000 votes.

[Aloni] That does not deter me.

[Palgi] Will you pick up addition votes from the eastern communities?

[Aloni] I hope so. There is work to be done on that score.

[Palgi] Very little of that has happened so far. Will a year and a half be enough?

[Aloni] I think the time has come to stir up the public.

[Palgi] What do you mean?

[Aloni] For example, I might go to Yeruham and we could write on all the walls what Yeruham gets and what the territories get.

[Palgi] You are talking about a boost in propaganda?

[Aloni] It is not propaganda, it is providing information. Do not forget that television, which is government controlled, is closed to us. We have to use posters on walls. But I am not at all suggesting that we underestimate the sophistication of the eastern communities. They are smart, they know what's up. I have spoken with many mayors from their towns, and they are more dovish than their leaders.

[Palgi] Almost no Eastern Jews hold leadership positions in the three parties.

[Aloni] We have Ran Cohen.

[Palgi] Is that it?

[Aloni] We faced constraints in putting together our list that would not exist in a larger party.

[Palgi] I am not speaking of spots reserved for various factions. What I have in mine is the natural growth in the leadership.

[Aloni] In this country, the tradition is that they go to those parties they deem to be givers.

[Palgi] From now on, will you be able to give?

[Aloni] No, but people are coming to their senses. Aside from that, I am used to taking risks. In this country, people must speak the truth and not promise things that cannot be delivered. What weighs on me most heavily is how to avoid the next war.

[Palgi] Will recent immigrants vote for the new party at proportionally the same level that you expect from veteran Israelis?

[Aloni] There is a problem with this immigration. On human rights and state and religion, they are clearly with us. But they have brought from their native land a very heavy baggage of hatred for foreigners and, at the same time, a great fear of war. In their collective memory, the Second World War is ingrained nearly as deeply as the Holocaust is for us. I think that this government is leading us to a terrible war. With all their hatred of foreigners, they loathe Arabs and want a big country. If we know the right way to present to them the choice between war and peace, they will move towards our positions. By degrees, they will also come to understand the connection between the dire economic straits of the immigrants and investments in the territories.

[Palgi] Six months before the elections, the government will bribe them, interrupting the settlement drive and throwing money to the immigrants.

[Aloni] That worries me a great deal, but I hope that we will know how to mobilize and explain our view.

[Palgi] Are you one of those who secretly hope for American pressure to stop the drift towards war?

[Aloni] I am looking forward to seeing the American agenda. I want to know if the Americans really care whether there is to be war or peace in this region.

[Palgi] Do you have doubts about that?

[Aloni] Some. I am afraid that they might say, "Let them bleed, let them fight one another. We have no patience with them, they can go to war." If Shamir would not budge a centimeter, if Sharon continues with these settlements, the Americans might say...

[Palgi] ...Let the boys fight it out.

[Aloni] Woe unto these boys. But I have been in Washington a number of times and formed the impression that such inclinations do exist. What we do not realize here is that we are not Kuwait, and they would not muster their forces on our behalf in the same way.

[Palgi] If Israel—and especially the younger age groups, of which a sizeable segment has never known any reality other than Israel since the Six-Day War—capable of understanding before a catastrophe strikes?

[Aloni] The fact is that this nation, aside from the crazy nationalist extremists, would not take a pleasure walk across the Green Line. You do not see a young family deciding to take their children on a hike in the territories as it would to Tiberias or Safed. Everyone knows that there is a state of Israel and there are occupied territories. Everyone knows that there is rule of law here and military administration there, with houses destroyed and collective punishments and laws that are altogether different.

[Palgi] But they vote for the right.

[Aloni] Yes, but not for those things. They did not vote for the right out of rational considerations or because they want the territories. And things have happened in the two years since the last elections. The intifadah has grown more serious, there have been knife attacks, war broke out in the Gulf. The Green Line has never been clearer than it is now. It is the same as before 1967 for most of the public. Even in Jerusalem, which was united and will celebrate a little longer, the streets in the Muslim city are not humming.

[Palgi] In other words, the nation will learn the lesson even without a disaster. Will it also change governments without a tragedy?

[Aloni] There is no such thing as, the nation will learn. But you will agree with me that if Shamir were to up and

announce tomorrow that we are ready to give up the territories for the sake of absorbing immigration and to promote Israel social and economic advancement, people would not kill him.

[Palgi] That would not happen.

[Aloni] What I wanted to get across is that nothing has been decreed, and that this change depends also on manipulation by the leadership. We also know how people have remained silent for years apparently out of ignorance of what their government is doing.

[Palgi] Are you counting on such unexpected manipulation?

[Aloni] No. For that very reason, I want us to have power, to work together, to link arms, so we can convey what we know is the truth.

[Palgi] Realistically, what are the true options?

[Aloni] I must be frank. For years, I was driven by optimism. I thought that this was a nation that had been a minority everywhere else, that had no political culture and did not know the meaning of democracy, which had gathered here to build from all the legacies of its exile something new. I thought that we could do that. I confess that today I am motivated above all by fear and anger, and I do not want us to sink into despair. What worries me is that many people are locked in despair, convinced that nothing can be done. We have to draw on this fear, this anger, this rage. I have a feeling of fear, but as Luther put it, "Here I stand, I cannot do otherwise." This is my home, I have no other place, my children are here and my grandchildren. I come from the generation of the War of Independence. This generation buried its comrades and then its children, and the oldest of us have already begun to bury our grandchildren. With a government like Shamir's, we will also bury our descendants.

[Palgi] That is a very gloomy vision.

[Aloni] But I want to put an end to that.

[Palgi] Your opinions contradict your hopes.

[Aloni] No. I think that we can do it. If, instead of haggling about what Amri Ran and I agree on and disagree on, a dispute here, a clause there, we could pool our efforts in a unified front so that this gloomy vision does not come true.

[Palgi] You will have the power to do that?

[Aloni] I think that we will then have sufficient strength to stop the most serious developments. I know that the situation is complicated, but Gid'on went out with 300 men of his tribe, and won!

[Palgi] The question is whether that fine example applies today.

[Aloni] The Gideonites knew that they were fighting for their home, for their lives and their existence. That will

happen the day that the membership of the Kibbutz Artzi federation understands that the problem of war today is to prevent all the terrible things Shamir is doing, and the untenable remarks of [Moshe] Arens that only Hitler said that he was in favor of land for peace, from leading us to a new Masada.

[Palgi] The situation of the new immigrants has reached a critical stage. Of course, the government is to blame. But there are those who say that until the situation improves, or at least until the government does more, we must tell the immigrants not to come.

[Aloni] I do not think we must say that. My argument is that we must call ourselves Israelis and not Jews, because every Jew, wherever he is, is an incomplete Israeli. This is the only place in which we are masters of our fate. The Lubavitch can think of himself as the Messiah, but his rights as a human he realizes as an American. Israel is the only place in which we are sovereign. Therefore, I cannot tell Jews not to come. Still, in my scheme of things, we are doing something indecent by pressuring other countries to prevent people from going there. That will not have a decisive effect on immigration here, but it will encourage us to do more.

[Palgi] It is necessary to advance the date of elections?

[Aloni] I do not know. That depends on what happens in the next months.

[Palgi] Let us assume that you were in charge, what would be your answer to that?

[Aloni] In Peres' place, I would not raise the subject. The picture is not clear enough yet. It was a mistake, for example, to advance the elections in 1984. Between 1981 and 1984, the Likud practiced insane economics, went into Lebanon and did intolerable things. The early elections saved them.

Trade Minister Defends Economic Stance

91AE0423D Tel Aviv HA'ARETZ in Hebrew 10 May 91
p 1C

[Interview with Moshe Nisim, minister of industry and trade, by correspondent Judy Maltz at Nisim's office; date not given; first paragraph is HA'ARETZ introduction]

[Text] Moshe Nisim has maintained a low profile of late. He does not lash out, he does not foment quarrels, he does not state positions. During a stormy economic week, the minister of industry and trade preferred to watch from the sidelines as the government, business leaders and the Histadrut [trade union] hammered out a package deal. During the course of an interview lasting more than a hour, it was difficult to draw from him a single word of criticism about the current economic policy or his colleagues in the government. He preferred to say nothing even about his foe, Minister of Finance Yitzhaq Moda'i. The interview took place at his office,

the former Palace Hotel, between a meeting with a trade delegation from Portugal and a ministerial conference to put the final touches on the economic plan. As usual, Nisim hardly raised his voice but insisted, in his quiet way, on speaking his mind, even when the interviewer wished to move on to another subject. He maintained his composure—until the media was mentioned, when he could not restrain himself and began to shout. He criticizes the media as a form of journalism that brings only "wretched, distorted reporting." It seems that he does not understand why the media that loved him so as finance minister suddenly has turned against him as minister of industry and trade. In his opinion, media claims against him are unjustified. He does not accept the assertion that it was he who opposed a plan to open up [the market] to imports. He also does not agree with the contention that the government adopted the open imports plan of the Finance Ministry in place of his own plan. It is very important to him to comment on the accuracy of these contentions.

[Maltz] Nine months ago, the government adopted your plan to boost the economy's productivity. Among other things, the plan included provisions for subsidizing the wages of new industrial employees and offering additional incentives for encouraging investment. Since then, how many new enterprises have emerged?

[Nisim] First of all, I want to say that the plan the government adopted on 23 August included a long list of topics and resolutions. Some of the resolutions have been put into effect and some have not. One that has is amendment 39 to the law for promoting capital investment, which includes creation of a means by which the government will share risks through government guarantees. Another is the matter of yearly accelerated depreciation of 100 percent. A budgetary supplement for promoting marketing was adopted, and also incentives for research and development. Now, what has not been put into effect? The provisions for reducing the cost of labor through national insurance still have not been implemented. The issue of wage subsidies was not resolved until the end of March and made effective on 1 April. In my opinion, had we started at the time the government set, the beginning of September, we would already be seeing results. You have to remember that many provisions of our plan, such as expanding existing factories and establishing new ones, will need time to mature and cannot immediately bear fruit. Still, I emphatically declare that we can already see signs that government guarantees established in the plan are helping investors. Since December, 117 plans under this provision, amounting to \$252 million and involving an estimated employment of 5,430 workers, have been adopted. Altogether, these provisions have led to proposals for 248 factories with an investment of \$697 million and employment for 8,981 workers.

[Maltz] Do those include international or multinational businesses?

[Nisim] In the first place, many of the enterprises are in the metals, electric, and electronics industries. I do not remember whether they involve multinational corporations. In addition, it is impossible that they could already have been approved because it takes time for a multinational company to prepare its plans.

[Maltz] What is going on with Atari? Will it really invest in Israel?

[Nisim] First, I want to make clear that very little of this issue is understood. There have been reports that Atari was offered extensive benefits beyond those set by law. Whoever says that either has no understanding of the subject or wants to cause trouble through false reports. Atari did not request, and we did not approve, anything beyond the law, not so much as one agora. Atari intends to present a detailed plan next week to the investments center.

[Maltz] What is your opinion of the Finance Minister's new program to create "industrial clubs" in which the government will pay all the employees' wages?

[Nisim] I will offer an opinion on the plan when the finance minister presents it. The problem today is not the absence of a program. We already have a plan that needs only to be fully implemented. In light of the special situation that prevails today, there is a need for a transition period in which the government aids and cooperates in the matter of the cost of labor. Pay close attention—I am speaking of assistance and cooperation, not about payments in full or for wages without something in exchange.

[Maltz] I take it from your remarks that Moda'i's plan is not acceptable to you.

[Nisim] I do not need to speak about opposing it. In my opinion, the most creative aspect of it is the partnership of the government in the matter of the cost of labor, of which the employer pays the lion's share in wages out of his own pocket. That is precisely the plan for stimulating employment that I proposed. It is interesting that those who criticized my plan, including the provisions for state guarantees, offered no substitute. But I was willing to take the heat and I do not see anyone today who, at least secretly, would not agree that this provision was more than essential. The most important thing is to create a climate of economic certainty and profitability in business.

[Maltz] How do we go about creating a climate of economic certainty? Not by further devaluations?

[Nisim] You do not expect a minister, particularly the minister of industry and trade, to comment on the rate of exchange.

[Maltz] Are you not afraid that Moda'i's program will set back the efforts to improve efficiency that industry has made in the past few years?

[Nisim] I do not want to speak about matters that I have not seen but, as a general matter, industry in Israel has become much more efficient in recent years. It is very important to assure that this process continues and that improvement in efficiency remains a guiding principle for industry.

[Maltz] Let us turn back for a moment to the issue of the exchange rate. As minister of finance in 1987 and 1988, you supported freezing the rate of exchange.

[Nisim] That is totally incorrect. In 1987, I carried out a devaluation of 12 percent. All those claims that I supported a freeze in the exchange rate were simply a myth.

[Maltz] But the rate was eventually frozen.

[Nisim] But what kind of devaluation did I impose? I did it in such a way that 2.7 percent was extracted from the cost of living supplement and I reduced the cost of labor 2.7 percent by cutting employers' contributions. From that you can understand the principle I was applying. I was not in favor of freezing the exchange rate; I devalued the currency. I believe that it was necessary above all else to maintain stability. So I said yes to a devaluation—I have nothing against devaluations—but a devaluation through a moderation of its effect on wages. They call that a deluxe devaluation. If that had been possible in 1988, I would have done it again at that time. Aside from that, assuring profitability does not need to be done only by means of the exchange rate. It can be done also by reducing the cost of labor; for example, through the national insurance system.

[Maltz] But they claim over at Finance that there is no budget for that. How do you intend to fund it?

[Nisim] The true gross cost of that measure is 1.1 billion sheqels. The net cost is much lower. Estimates at the Bank of Israel indicate that it is possible to cultivate 25,000 new jobs in the economy by lowering the cost of labor. You figure out how much we will save in unemployment compensation and how much we will bring in through extra income tax revenues from additional workers who will be absorbed into the labor cycle.

[Maltz] In an interview with us some weeks ago, the finance minister contended that you opposed and held up his program to open the market to imports. You were very much in favor of that while serving as minister of finance. Did you change your mind?

[Nisim] I will not comment on what my fellow minister said. When I was in Finance, I began to open the economy. Then I came to the Ministry of Industry and Trade and continued that process without waiting for anyone else's proposals. I immediately opened the door to dozens of products from third world countries. It was I who proposed, very vigorously, formation of the Peri Commission to develop a long-range plan for us on opening the economy. On 13 September, the finance minister brought the government a plan that was supposed to be adopted without discussion or analysis, and

even without anyone reading it. Opening the economy in the course of five years, down to 0.0 percent, to hostile countries and countries that are not, countries that do business with us and countries that do not. That is how it went, and everything within the law. I told the government, just a moment, this is a subject for discussion. Is that how to open a country staggering under immigration and high unemployment? Contrary to what all of you printed 50, 60, or 70 times, the government decided not to accept the Finance Ministry's plan. It made no sense to pass a law on the subject and I do not like to say anything stupid. That would have eliminated our room to maneuver to obtain commercial agreements. If there is a law, they have no need to talk with us, they just need to export to Israel. We insisted that no law be enacted. In the end, there was no law and we adopted the report of the Peri Commission. I told those who were in favor of the legislation that if I had been against opening the economy, I would have had to pray that they would push the law through because then I would have been for it. The Knesset would have gotten around to passing the legislation in another 60 years or so. Since I was the father of [the move] toward an open economy, I did not want to support the legislation.

[Maltz] Is Victor Medina your candidate for governor of the Bank of Israel?

[Nisim] I first need to speak with the prime minister about that.

[Maltz] In your opinion, is Moda'i as finance minister winning the government's support?

[Nisim] He is, especially of the prime minister. Nearly all the proposals he has brought, including the economic program of September 1990 and the national budget for fiscal year 1991, have been adopted by the government with only insignificant changes. I voted for them, too.

[Maltz] If the prime minister were to ask you to become minister of finance, would you answer the call?

[Nisim] That question is irrelevant.

LIBYA

Treasury Secretary Cited on EEC Relations

LD2206125491 Tripoli Great Jamahiriya Radio Network in Arabic 1600 GMT 20 Jun 91

[Text] Willy Claes, the Belgian vice prime minister and minister of economic affairs, has welcomed the tremendous positive evolution in relations between the Great Jamahiriya and Belgium. The brother secretary of the People's Committee for the Treasury gave a detailed expose to the Belgian vice prime minister about the great man-made river project. The Belgian official lauded this great project of civilization, and expressed Belgium's readiness to take a practical part in this project. The following report is about this subject:

The Great Jamahiriya has always established economic relations with the various countries that endeavor to establish such relations, which are built on the basis of mutual understanding and the realization of common interests. Many states, from the premise of economic and political stability that the Great Jamahiriya is witnessing, started to establish and consolidate economic relations with it—pushing aside the [words indistinct] call for the imposition of economic siege on it, which is being led by the United States on feeble pretexts [word indistinct]. Many EEC states, in view of the geographical situation and the ease with which various means of transportation can move, expressed their determination to strengthen economic relations with the Great Jamahiriya. [Words indistinct] two basic points: The economic siege imposed by the imperialist forces on the Great Jamahiriya caused damage to the United States itself, which is leading this siege; second, the EEC states did not reap any benefits from their participation in this failed siege. It damaged their interests and the interests of their numerous companies that operate in the Great Jamahiriya, in addition to the damage that Western Europe suffered as a result of the conflict with the United States about some European exports to America.

Hence the correct inclination to strengthen economic relations with the Great Jamahiriya. The president of the EEC commission, during his reception of the brother secretary of the People's Committee for the Treasury in Brussels, expressed the wish of the EEC states to find a framework for economic relations with the Great Jamahiriya, considering that it is a strong economic partner, which will give the EEC states an opportunity to deepen their economic relations with the Great Jamahiriya.

On his part, the brother secretary, during his meeting with the Arab ambassadors in Brussels, gave a detailed statement on the characteristics and clear principles of the economic system of the Great Jamahiriya, which is [words indistinct] on state capitalism and the society of partners. The secretary of the People's Committee for the Treasury [words indistinct] in this meeting that the Great Jamahiriya works towards establishing a single Arab economic entity capable of negotiating and discussing economics with the unified Europe, as of the year 1992. He also called for the necessity of [words indistinct] regarding the free movement of persons and goods in the Arab homeland [word indistinct] inside the Libyan Arab Jamahiriya, because of the effect this would have on making Arab unity a reality.

MOROCCO

Daily Publishes Istiqlal Party Platform

91AA0422A Rabat AL-'ALAM in Arabic 27 May 91 pp 3, 4

[Article: "Mohammed Boucetta's Political Review of the Istiqlal Party before the National Assembly"]

[Excerpts] Joint positions have gained credibility and popular approval for the opposition; Our struggle to end the Saharan issues will not make us forget the issue of liberating Cepta and Melilla; Government's position vis-a-vis the strike violated the Constitution, because it was a party to threatening workers and citizens, inciting them to abort the strike and change its results; Why did the government suspend the work of the two investigatory committees with regard to the events of 14 December, since the sentences issued against the accused were marked by justice; Government has made the crisis worse, and has learned no lesson from the December strike; Present institutions have lost credibility, and cannot regain it, except through holding honest elections; We must do all we can to make Arab Maghreb an economic, political and cultural federation; February's parade confirmed the Moroccan people's maturity, ability to take positions; We call on all Saharan people to confirm their Moroccanism and nationalism; The Istiqlal Party salutes the Eritrean people, Mujahidin's liberation of Asmara. [passage omitted]

Our Position vis-a-vis Gulf Problem Derived from Principle

[passage omitted] Our party's positions with regard to the Gulf crisis stemmed from its nationalist struggle against colonialism, occupation, and destructive wars. [passage omitted]

Therefore, we have taken joint positions, which greatly influenced the crystallization of our people's unified position vis-a-vis the crisis. [passage omitted]

Coordinating Our Positions with the National Forces

This joint position, which became evident in the course of history as a huge popular accomplishment, organized by the national forces, is one of the joint positions that govern our national action, and that we have inaugurated through our contacts and coordination on the national scene with national forces, particularly with the Socialist Union of Popular Forces. [passage omitted] Our positions were unified in study, direction, criticism, and alternatives presented, through joint amendments that we submitted to the Assembly and to specialized committees, and in voting on draft legislation, including the Finance Law. From all this, the parliamentary opposition gained effective strength, dedicated to taking unified positions, which gave our opposition credibility, and expressed our total right to reject the folly that the present government represents. [passage omitted]

Petition to Study Amending the Constitution

Amending the Constitution is a most important issue, with great impact, as a means of true democratic dedication, and a democratic system in which the people enjoy governing themselves by themselves through their honestly elected institutions, derived from the people, and which carry out their true constitutional responsibilities, under the aegis of the institutions' authority and the state of law. [passage omitted]

Unemployment Problem Will Not be Resolved Without Productive Economic System

[Passage omitted] It is impossible to deal with a critical problem, which grows more critical every year, by partial action, undertaken by the public sector, the semi-public sector, and the private sector, under the supervision of the National Assembly, for the youth and the future.

These joint positions are not only to dedicate sound national opinion with regard to building the country, economically and socially, by the democratic way that our country has taken, thanks to our people's consciousness, but they are also a confirmation either for democracy or against. The democratic option cannot be a real option, unless the power therein is the people's, and does not belong to institutions to do as they like, against all the true principles of democracy. [passage omitted]

Dialogue Between Unionists and Government Ceased After 14 December

Unfortunately, the attempt to create dialogue between authority, led by the government, and the two centrist unions always collides with the indifference that characterizes the government's behavior vis-a-vis basic problems through which the country is stumbling blindly. [passage omitted] It is also unfortunate that the government has refrained from every dialogue. Even when the two centrist unions submitted to dialogue, under the pressure of the call for a strike on 14 December, the government closed the door again after the 14th of December had passed. This confirmed that the pledges to open dialogue were only a means to abort the strike. Even when the 14th of December had passed, the government refuted all promises to open dialogue, and to derive positive results from it. [passage omitted]

The Sahara is Moroccan; Plebiscite Goes Too Far

[Passage omitted] No one has the right to dispute us in our country, nor demand a plebiscite with regard to our identity, merely because a group of separatists were paid to carry out acts contrary to international, national, and security-related law.

Because of all that, we again stress: The Istiqlal Party considers the two areas of al-Saqiyah al-Hamra' and Oued al-Dahab indivisible parts of Moroccan territory.

The visits of his majesty the king to the Saharan areas, with the latest being the Esmara visit, emphasized the Saharan inhabitants' ties to their Moroccanism and their throne. Their demonstrations were a true, spontaneous plebiscite, which left no doubt as to their allegiance, and their sincere expressions of this allegiance. [passage omitted]

Istiqlal Party Rejects Any Action Infringing on Sovereignty, Even Under the Guise of a Plebiscite

In the Istiqlal Party, we reject any act infringing upon Moroccan sovereignty, even if concealed under the cloak of a plebiscite. In our country, we are protected by the

Royal Armed Forces, which have made sacrifices on behalf of the Sahara. The Saharan administration is run by Moroccan officials, both from within and outside of the Sahara, who came to build it. Moroccan police maintain security there. Every infringement of its responsibilities is considered interference in our internal affairs. We emphasize to our people that we absolutely reject any infringement of sovereignty.

In view of the expected circumstances on the occasion of the UN secretary general's visit to arrange the plebiscite, we call on all citizens, led by the inhabitants of the Sahara, to mobilize, be on guard, and be totally aware, in order to confirm the Sahara's Moroccanism, both with regard to its inhabitants, and the population of the rest of Morocco's regions.

The plebiscite, which, it was decided, would be held, has overstepped the bounds of international law, to which Morocco has appealed. In view of developments that have occurred in the Arab Maghreb, after the formation of the federation, which are very important developments, the causes of tension, found in unpleasant circumstances between every nation, have been eliminated. [passage omitted]

Our Mission is to Lay Firm Foundations for the Arab Maghreb

This generation's job is to lay firm foundations for the Arab Maghreb, after the previous generation's battle to fix the consciousness of the Arab Maghreb in the hearts of its peoples. This generation's responsibility in anchoring the foundations is not an easy task. Therefore, we must be free from all side issues, and hasten to establish the framework for this Maghreb. We are making progress, so that the life of its structure can blend with all the realities that the federation creates, and so that millions of its sons can be mobilized to uplift their economic, social, and cultural lives, and to benefit from all these countries' potentials, giving them all their human, intellectual, and numerical energies.

The Arab Maghreb will not be achieved unless we lessen the side issues and surface disputes that are found in the circumstances of unawareness of the responsibility of the Arab Maghreb. These side issues are led by the so-called Saharan problem.

We must all cooperate to solve this problem without foreign intervention in our affairs. Each foreign intervention will have its unfortunate result, not on Morocco alone, but also on each country of the Arab Maghreb, and on the federation as a whole.

Issue of Cepta and Melilla Must be Eliminated

Our concern with the Saharan issue, as an indivisible part of Moroccan territory, does not make us forget the importance of the Cepta and Melilla issue, both of which are still under Spanish colonialism, which still practices the same fanaticism it did in past centuries, on the day it

occupied the Moroccan coast, stemming from its crusader mentality. World conditions have changed. The idea that governs Morocco in its international relations is economic and cultural cooperation. It is mutual international efforts to achieve peace and security, and develop human virtue among nations and peoples. This is what must govern our relations with Spain in the future. [passage omitted]

We cannot discuss this problem without demanding respect for the rights and interests of our citizens in the two occupied cities, and for easing the difficulties the citizens frequently encounter in Cepta and Melilla, because of the efforts on behalf of imposing visa requirements on Arab Maghreb citizens to enter Spanish territory.

Solidarity with Moroccan Workers in Europe Who Suffer from Racism

Another issue that attracts great interest in the Istiqlal Party is the issue of Moroccan emigrants in Western Europe. In recent years, these citizens have encountered violence in their lives, security, work, and their homes, because of escalating racism in those countries. I declare our solidarity with our brothers, whose lives and security were destroyed in Belgium last week. We stress the need for their protection, and the need for them to enjoy the same human rights that the European emigrants enjoy in our country. We demand that the Moroccan and Belgian governments ascertain the causes of this violence that is being exercised against Moroccan workers, and to draw up comprehensive plans to safeguard their material and spiritual interests, and protect their security in their places of emigration.

Democracy is the Pathway for the Arab Maghreb to Confront Foreign Challenges

The second issue, which we consider will be one of the issues of the hour in our national and political lives in the months ahead, is the issue of democracy.

We have pointed out that this fateful issue was singled out, when the petition for control was introduced in Parliament. The statements presented by our parliamentary team, during the debate on this petition, revealed great frustration with regard to the government's program, plans, and practices vis-a-vis the deteriorating economic, social, and educational conditions. If our people do not have time to waste with regard to the increasingly deteriorating conditions, then they do not have time to waste with regard to insisting on continuing to build a democratic system based on honestly elected institutions, with credibility at home and abroad, contributing to the construction of a state of laws. The illness that has afflicted us with fixed elections is that these institutions have lost credibility both at home and abroad. One can only correct this situation if credibility is restored to democratic institutions, not a luxury in governing. However, it is the most appropriate path to expedite economic and social development, mobilize the people, and regain their trust and control over executive

authority. It is the best way to expedite building the Arab Maghreb, and it is the best way to confront the challenges that our country faces, and will face even more, when Europe is unified, and when the new world order is established. This is the best way to face domestic challenges that manifest themselves in the breakdown of administration, in the spread of bribery and corruption, in authoritarian oppression of citizens, and in disrespect for the law.

These challenges started to become evident in the North's intervention in the South's internal affairs, and the imposition of its concepts of financial, economic, and social progress, its concepts of human rights, and its concepts of government. One can only escape this intervention by a democratic system, supported by the power of the people and their national unanimity. [passage omitted]

The elections that could be held next year must bless an era of responsibility. They could be held on the 30th anniversary of the announcement of the first constitution in 1962. This must be an occasion for changing what must be changed in the Constitution, and to establish various basic institutions that Morocco has needed for the past 30 years, so that the people can regain their trust in institutions, and have a way to achieve their will. [passage omitted]

Foreign Relations

In the realm of foreign relations, this period has seen extensive partisan contacts, represented by the receiving of numerous ambassadors and delegations from friendly and brotherly nations and political parties, including Iraq, Saudi Arabia, Senegal, the Soviet Union, Kuwait, Tunisia, Germany, Sweden, England, Mauritania, and the Political Committee subordinate to the Advisory Council of the Federation of the Arab Maghreb.

The Istiqlal Party also took part in several distinguished Arab and international conferences and conventions, and, in this regard, we participated in a meeting of African Socialist parties held in Tunis, where we had the occasion to talk with Senegal's President Abdou Diouf, and Tunisian officials, headed by President Zine El Abidine Ben Ali. We touched on the historic bonds existing between our two parties, and the dimensions of supporting the construction of the Arab Maghreb.

The Istiqlal Party also attended sessions of the Peace and Solidarity Committee held in Greece and Spain, in addition to Arab conventions hosted by Yemen, Algeria, and Libya. The party was represented at these conventions by members of the Executive Committee, the Central Committee, and the National Assembly. [passage omitted]

Editorials Promote Greater Cooperation With Europe

EEC-UMA Ties Stressed

91AA0453A Casablanca MAROC SOIR in French
6 Jun 91 p 1

[Editorial by Ahmed Alaoui: "The Euro-Maghreb: EEC-UMA: Complementary and Interdependent Partners"; first paragraph is MAROC SOIR introduction]

[Text] Owing to printing problems in the editions distributed yesterday in several regions, today we republish Moulay Ahmed Alaoui's editorial.

Next Monday, 10 June, the "5 + 4" conference will be held in Tripoli, bringing together the five countries of the Union of the Arabic Maghreb [UMA]: Morocco, Algeria, Tunisia, Libya, and Mauritania, and the four Mediterranean countries of the EEC: France, Italy, Spain, and Portugal. On the agenda of this meeting will be the exchange of points of view on different "projects of common interest in the western Mediterranean."

What is involved is a welcome initiative, one full of promise, because thus far there had not been any overall relationship between the EEC and the UMA, just some bilateral relations between some EEC countries and each one of the countries of the Maghreb. That was perfectly understandable before the establishment of the UMA and in the absence of a Maghreb organization. But for the past two years, everything has changed. Today the establishment of the UMA, in Marrakech, makes it possible for the five countries involved to open up overall and no longer bilateral relations with the European Community.

So the time has come for new and even special relationships to be forged between these two groups, a task which is all the simpler since the two communities are complementary and in no way in competition and since the ties are numerous enough to make them partners: there are geographic, historic, linguistic, cultural, geopolitical, and geostrategic ties and, of course, economic and human ones.

Having had a joint history, today the two groups have a common destiny and everything is working towards the establishment of special relationships between them, especially in the economic area, since they are perfectly complementary and interdependent.

This solidarity ought not be expressed only on the level of principles but especially on the practical level, in particular as regards economic exchanges and cooperation in the widest sense. Indeed we are witnessing an evolution on each side in the direction of a sort of specialization and a greater interdependence.

Today we can understand how Europe can set up factories in the Maghreb and become their main customer, particularly for industries being abandoned by Europe. This is particularly the case with the textile industry,

which is being increasingly abandoned in Europe. Instead of buying in the Far East, it is entirely in the EEC's interest to do so in the Maghreb, where the textile plants, by dint of their productivity and their quality, are able to supply European needs.

And the same is true for leather and shoes, farm produce, certain chemical and petrochemical products, fertilizers, etc. Europe will continue to furnish the Maghreb with the industrial products and the capital and consumer goods that our countries do not produce. Thus we can see emerging the outlines of a harmonious and productive cooperation.

Furthermore the Maghreb is the obligatory route between Europe on the one hand and Africa and the Arab world on the other and it is capable of playing a very active role in setting up exchanges and in north-south and west-east cooperation.

All of these are factors and advantages that must be grasped and developed without delay to create this "Euro-Maghreb" not in the colonial sense, which could be attributed to Eurafrica, for example, but in a communal sense, each having his own part and all having it together, to paraphrase a verse by Victor Hugo. The time that has been selected to initiate these relations is thus a very favorable one in the wake of the upheavals brought about by the Gulf war and the emergence of a new world.

Well, without delay the UMA and the EEC can provide a first positive and specific example of this new international order based on understanding, cooperation, and equality.

Better Relations With France Noted

*91AA0453B Casablanca MAROC SOIR in French
8 Jun 91 p 1*

[Editorial by Ahmed Alaoui: "The Most Precious Investment: Friendship"]

[Text] The visit to Morocco by Mr. Francois Perigot, the president of the National Council of French Employers [CNPf], who headed up a major delegation of industrial leaders and businessmen, and the statements he made during his stay, especially on the subject of French-Moroccan relations, herald a new era for these relations, not on the political or economic level, which is somewhat commonplace, but on the psychological and even the ethical level.

Indeed relations between the two countries are not just relations between client and supplier but are based in particular on an attachment to a way of life, to certain moral and cultural values, something that imbues them with a particular, special character based on history and culture, based too on the fact that the two countries as allies fought side by side on the field of liberty on two occasions. Here is the true basis for these relations, even the most extensive commercial relations just for the time being. Relations between a seller and his customer are

anonymous whereas those based on friendship are personalized and deep, and thus do not depend on chance occurrences.

We are very pleased with the turnaround evident in relations between Morocco and France, notably in the statements by Mr. Perigot who, although he does not play a political role, is nevertheless a very important figure throughout France.

The conversations he has had with both Moroccan political leaders and economic circles will make it possible to turn the page and sweep away the final aftereffects of a misunderstanding that almost impaired relations, which had been exemplary thus far. We are among those who believe that relations between two countries ought not be limited to state-to-state relations, of government to government, but extend as well people to people and even individual to individual. This is what gives strength and solidity to understanding and cooperation between two countries. Those who offend the one likewise offend the other; those who wish to stir up subversion against Morocco damage France's interests and policy at the same time, in particularly those who in their campaigns and writings offend our country's most sacred institutions. This is why we must not let adventurers and agents, paid or manipulated by heaven only knows who, damage this friendship and this concord.

This is all the more so since Morocco occupies a special place on the international scene, in particular in the Maghreb, the Arab world, the Mediterranean, and Africa. She has always maintained very close relations with France, which could always count on her, particularly in the darkest hours of world history. These are facts, which are essential inasmuch as everything can be built on these foundations and on this heritage. We therefore hope that this trip by the president of the CNPF will mark a new start in this cooperation.

The two countries are aware of the importance represented by faithful friendships in an unsettled changing world, and of how much it is in the interest of the two countries to cultivate and maintain this friendship.

So it is essential that all men of good faith defend the quality of this friendship and not abandon the field to any pseudorevolutionaries or salon intellectuals.

Thus everything must be done to preserve these relations based on cooperation and concord because between two countries, between two peoples, the most precious investment is friendship.

SAUDI ARABIA

Conference Discusses Attracting Foreign Investments

*91AE0416A London AL-SHARQ AL-AWSAT in Arabic
16 May 91 p 10*

[Article by Hani Naqshabandi: "International Business Conference in Saudi Arabia Focuses on Attracting Foreign Investments"]

[Text] The Saudi market is beginning to witness a measure of economic recovery following the recession it suffered because of the Gulf crisis and the outbreak of war in the region. The focus at this time seems tilted toward attracting international capital in an effort to restore confidence in the market in the wake of apprehensions such investors have expressed about the possible ramifications of Gulf events and the impact they might have on the future of investment in the region.

To this end it has tentatively been decided to hold an international businessmen's conference in Jiddah the second week of November to be attended by 500 businessmen and financial and economic specialists, 60 percent of whom would be from outside Saudi Arabia.

The conference will be organized by the American Hill and Knowlton Company and funded by some major Saudi firms.

This conference is part of an endeavor to restore confidence in the Saudi market following the recent Gulf events whose most significant aftermath was the sharp drop in the number of visiting trade delegations.

Dr. Muhammad 'Ushqi, director of public relations at the Chamber of Commerce, said that the number of trade delegations and missions, which is an indicator of the volume of trade, has dropped. He added that the average number of visiting delegations used to be between 60 and 70 divided over two biannual periods and that, from the period from the end of July to December of last year, 27 delegations visited the country, but that this number after 2 August dropped more than 200 percent. As of January of this year, following the outbreak of war in the region, the number of missions dropped to only three delegations. Given the importance of these delegations in underscoring the market's credibility, the Chamber of Commerce has pursued an economic policy that has played a role in assuaging the guarded attitude toward the future of the region and the nature of events going on there.

Besides the conference that had been scheduled for an earlier time but was postponed, a long schedule of meetings has been arranged with trade delegations, commercial attaches, and accredited consuls from countries with economic aspirations in the region.

According to Dr. 'Ushqi, efforts for the most part were focused on attracting investment rather than trade delegations which used to represent 80 percent of visiting delegations. This focus was based on the idea of taking advantage of available Saudi privileges and facilities to attract capital to the region and underscore the fact that the Saudi market is not just a consumer market, but a producing one as well.

Dr. 'Ushqi believes, however, that facilities offered to attract foreign and outside investments have come up against a number of obstacles, the most significant of which is the time required to obtain entry permits, which

may be longer than businessmen can spare, since their jobs sometimes require them to pick up and go.

Accordingly, it is hoped that the international businessmen's conference will do its part to restore confidence in the Saudi market. Dr. 'Ushqi emphasized that this conference will discuss ways to hasten the process of obtaining entry and exit permits with a view to taking full advantage of facilities granted by the public sector to foster international investment trends inside Saudi Arabia.

Another objective that is hoped to be achieved is the assertion that the Saudis have evolved from merchants to businessmen, which means that trade activity will vary in quality as well as quantity in keeping with changes in the market or those working in it.

Similarly, it is hoped that the number of trade delegations that have started to return to the region will continue to rise though it is not expected to surpass the pre-Gulf crisis level.

The number of delegations that have visited or are expected to visit Saudi Arabia this month have reached about 15 trade missions. Dr. 'Ushqi indicated, however, that the Saudi economy and Saudi businessmen are looking for this number to rise in proportion to the rise in investment and not just according to business trends.

SUDAN

Government Announces Drop in Expatriate Remittances

91AA0455B London AL-SHARQ AL-AWSAT in Arabic
14 Jun 91 p 3

[Report from Khartoum: "Government Announces Drop in Expatriate Remittances"]

[Text] Al-Sa'id 'Uthman Mahjub, Sudanese minister of expatriate affairs, announced a substantial drop in expatriate remittances last May, which plunged to \$700,000 from more than \$11 million a year earlier.

Al-Sa'id 'Uthman Mahjub attributed the decline to the "situation of Sudanese expatriates in the wake of the Gulf crisis."

In view of that, he added, the government has decided to reduce mandatory minimum remittances from \$500 to \$300 for laborers and from \$1,000 to \$600 for salaried employees. Mandatory remittances have also been reduced to \$1,200 for professionals, to \$1,500 for university professors, and to \$4,000 for businessmen. The new minimum remittances, effective as of 1 January 1991, have been mandated by the Sudanese government as a condition for passport renewal.

Lower minimum levels for mandatory remittances are a victory for expatriates as a result of protests by Sudanese communities abroad and of sit-downs at Sudanese

embassies [abroad] and at the expatriate department in Khartoum. When mandatory remittances were increased by 50 percent during the Gulf Crisis, the Sudanese community in Riyadh submitted to competent authorities last September a memorandum in which it rejected the increase and refused to bear the consequences of government missteps during the Gulf crisis.

The interactive symposium of Sudanese communities, held in Riyadh last Ramadan, submitted another memorandum on fiscal government policies towards expatriates. The document rejected the increase in mandatory remittances, denounced the confiscation of expatriates' automobiles, and demanded that national contributions and mandatory remittances be reassessed in light of

economic conditions in host countries and of actual expatriate earnings. The memorandum also demanded that the government abide by its resolutions on expatriates and stop the practice of making passport renewals and other transactions contingent on tax obligations and mandatory remittances.

The memoranda reflect the Sudanese sentiment abroad against government expatriate policies. Expatriates have become preoccupied with those policies and many have relinquished vacation travel, postponed dealing with embassies, and held daily demonstrations at the embassies and at the expatriate department in Khartoum, protesting against the officials of those agencies.

REGIONAL AFFAIRS

Iran's Besharati Meets With Yemen's Salih

NC2305063391 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0230 GMT 23 May 91

[Text] Deputy Foreign Minister Besharati is in Sanaa, heading a delegation to the first anniversary of the unity of Yemen. He met with 'Ali 'Abdallah Salih, chairman of the Yemeni Presidential Council, yesterday afternoon, and gave President Hashemi-Rafsanjani's congratulatory message to him.

During this meeting, which was also attended by members of the Presidential Council and the Yemeni prime minister, Chairman 'Ali 'Abdallah Salih expressed thanks for Mr. Hashemi-Rafsanjani's message and for the Iranian delegation's attendance at Yemen's unity celebrations. He noted his country's wish to expand relations with the Islamic Republic of Iran.

IRAN

Friendly Optimism Toward U.S. Called 'Treachery'

LD0161859 Tehran IRNA in English 1601 GMT 1 June 91

[Text] Tehran, 1 June, IRNA—Majlis Speaker Hojjat ol-Eslam Mehdi Karrubi today termed any optimism towards the United States as "foolish and treacherous," asking "how can the United States be considered a friend in view of all its crimes?"

Speaking to a group of university students here, Hojjat ol-Eslam Karrubi said the Islamic Republic system should act in such a way that opportunist elements who are optimistic towards Washington "do not dare interfere in the affairs of the country."

Turning to the second passing away anniversary of the father of the Islamic Revolution (4 June), he said Imam Khomeyni formally launched his movement with the culmination of the U.S. political stranglehold on Iran in 1341 (1962), and warned Muslims that Islam and the country was in danger.

By serving as "a base for the Zionists and the United States" recalled the speaker, "Iran became an object of shame for the Muslims during the previous regime."

However, Muslims now have a global duty to stand against the global arrogance and Zionism, he added.

The late Imam Khomeyni sowed the seeds of the Islamic movement throughout the world and introduced Islam as a dynamic movement, which fact, noted Hojjat ol-Eslam Karrubi, has "frightened" arrogance.

"The imam's struggle was for the glory of Islam, unity of Muslim countries, preservation of the country's independence, and eradication of the Zionists from the region."

He said the values of the revolution should not be allowed to diminish, because the Islamic Revolution belongs to all the world Muslims, and "the ummah is dutybound to safeguard the Islamic revolution in return."

Ahmad Khomeyni Scores Call on Return of Investors

NC1461143 Tehran SALAM in Persian 30 May 91 p 3

[Hojjat ol-Eslam Ahmad Khomeyni Commentary entitled: "Inviting the Fugitive Capitalists Is Contrary to the Imam's Views"]

[Text] In the propaganda atmosphere that the arrogant world has created against us, inviting the fugitive capitalists like the Lajevardis and the Barkhordars is contrary to the Imam's views. Some helpless people have reached the conclusion that in order to find a solution to our current problems, the fugitive capitalists should return and invest there money here. Our problems, however, cannot be solved with investments by four fugitive and profit-seeking capitalists. Our fight with the capitalist world—the creator of our current problems—is deep-rooted in our policy. Frankly it is pitiful for us to naively invite the capitalists who do not believe in Islam, in the system, in the Imam, or in the leader, to return and invest because our people are poor!

It is even more pitiful that some say that we are moving in accordance with the Imam's policy. Why do we want to bring the fugitive capitalists to the homeland? The fugitive capitalists are very spiteful toward our system and they will never think about our deprived people.

Why, then, did the people go through all the hardships for 13 years? Why are you giving up the bright and clear path of the Imam and holding meetings with the Lajevardis and the Barkhordars, who have always been detested by the nation? Why are you doing this when the esteemed leader of the Islamic Revolution—as one of the students of the Imam—strictly recommended that the reconciling fight against the enemies of the revolution, the system, and criminal America continue, and when he even considers death in the fight against America to be martyrdom. What kind of incorrect policy is this to place ourselves next to the capitalists residing in America and to ask them to render their services to our people? Surely our people do not want this help.

Inviting the experts can solve the problems of the system and the revolution only when it is based on Islamic beliefs and values. If this were the case, no one would disagree. But in so doing we should use actions that conform with revolutionary and Islamic standards as our criterion.

Ahmad Khomeyni Urges Constructive Criticism

LD1461814 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0930 GMT 14 Jun 91

[Text] In his meeting with people from all walks of life yesterday afternoon at the immaculate shrine of Imam Khomeyni, may God be happy with him, Hojjat ol-Eslam val-Moslemin Haj Seyyed Ahmad Khomeyni offered his condolences on the occasion of the anniversary of the martyrdom of Imam Mohammad Taqi, peace be on him, and explained the virtues of that eminent being.

He then referred to the efforts of the founder of the Islamic Republic of Iran to set up an Islamic government and said:

His eminence the imam prepared the best conditions for implementation of Islamic tenets by setting up an Islamic government and by providing guidance for the people. He added: The imam repeatedly said that one should not forget virtue when one is engaged in performing tasks. He also said that when one made a mistake one should correct that mistake there and then, so that one may not go wayward.

Hojjat ol-Eslam val-Moslemin Haj Seyyed Ahmad Khomeyni placed emphasis on the need to observe fairness when one engages in criticism. He said: Though criticism is an effective element for the growth of the society, criticism must be constructive and sincere. Also, officials must prepare society for constructive encounters between thoughts. If we are subservient to dictates of the flesh, we would obviously not be a follower of the line of the imam.

Importance of Kordestan Movement Viewed

NC2105122491 (Clandestine) Voice of Iranian Kordestan in Persian 1730 GMT 20 May 91

[Part one of two-part talk: "The Kordestan Movement and the Nationwide Movement"]

[Excerpts] For years the Democratic Party of Kordestan [DPK], as leader of the national-democratic movement of Kordestan, has stressed the need for solidarity between the Kordestan Movement and the nationwide movement of Iran, especially after its third Congress. It called many times for the establishment of a democratic anti-imperialist front—a front that would embrace all progressive political forces. The front would guarantee the unity of all Iranians, as well as the exploited Iranian masses, to ensure freedom, democracy, independence, and the rights of the tyrannized people. [passage omitted] The strategic slogan of the DPK—"Democracy for Iran and autonomy for Kordestan"—has been based on these. The party's fundamental and progressive aspirations, including the establishment of a democratic-socialist society, will complete the progressive path of the movement.

According to the party and our people's movement, the Kords' destiny is irrevocably linked with the destiny of the Iranian people, because only in a democratic, free and progressive Iran, free from all fears, can the Kords resolve the difficulties of their daily lives safe from aggression. Instead of manning trenches in the mountains to defend their existence, they should work for the prosperity of their nation. More than anything they should not suffer homelessness and vagrancy. [passage omitted]

There is a reason the Kordestan Movement, under the leadership of the DPK of Iranian Kordestan, has a special role in a nationwide Iranian movement. Kordestan has become the strong and steadfast bastion of freedom and democracy for Iran. This very characteristic is based on the Revolutionary Kordestan Movement, which has elevated it to the position of a caravan of a nationwide struggle. Kordestan has become the crucible of hopes of all the freedom-seekers of Iran.

Friends and enemies, though they have individual viewpoints and interests, affirm the importance of the national-democratic Movement of Kordestan. Whether it is the mullahs' regime or the monarchists, or all the combatant and revolutionary organizations—all admit to the importance of the Kordestan People's Movement and in selecting their tactics and strategy. They are well aware of this importance.

Now even the United States and the West, in planning their role in Iran and the Middle East, are forced to consider the Kordestan Movement. It is being said that friends and foes alike admit to the importance of the Kordestan People's Movement, but this does not mean that this movement is more important than the nationwide movement of Iran and that friends and foes believe in its greater worth and credibility. This is not the case, and is even just the opposite. If the Kordestan Movement has been successful in gaining such lofty importance, it is because it was successful in forging a live and vibrant link with the nationwide movement of Iran. Thus, it has been able to effect directly the general situation in Iran. [passage omitted]

Kordestan Radio on Force of DPIK Movement

NC1161729 (Clandestine) Voice of Iranian Kordestan in Persian 1730 GMT 7 Jun 91

[Unattributed commentary entitled: "The Reasons the Regime Fears the Kordestan Movement"]

[Excerpts] Voice of Iranian Kordestan reports indicate that the regime's repressive forces have intensified their pogroms in the cities and villages of Kordestan and that they have sent so-called task forces to the villages, fields, mountains, and valleys, and have resorted—like in past years—to harassing the people and to demonstrating power. Our question is why? Has the clerical regime not repeatedly stated through its propaganda that the Islamic regime is not facing any problems in Kordestan and that there is no such thing as a Kurdish problem in Iranian

Kordestan? Thus, the people have the right to ask the regime: Have you not said that you have purged Kordestan? Have you not said that 12 years ago you dissolved the Democratic Party of Iranian Kordestan [DPIK], and do you not claim that the Islamic Republic's popularity and the righteousness of the clerical regime has been proven in Kordestan and that the people do not support the DPIK any more? If you believe in what you say and if all these things are true, why are you so terrified? After all, how can a regime which claims that the people are its mentors and supporters fear a defunct party which has no supporters? The truth is that the clerical regime and its clique are well aware of the realities but are terrified to utter them.

For the past 12 years this regime has done everything in its power to prevent the DPIK's activities. In order to achieve this sinister objective, it has resorted to various arms and plots and has used old and new schemes. It has not achieved even the least bit of success in accomplishing its objective: The uprooting of the DPIK. [passage omitted]

From where does the fear of the turbaned rulers who allege to be supporters of humanity and propagators of people's welfare and happiness stem? If they have faith in the validity and firmness of their views, why do they resort to suppressions and massacres, to their military show of strength, and to the militarization of Kordestan? Why are they afraid to speak the truth? [passage omitted]

The DPIK defends democratic rights and the national rights of the Iranian people in general and of the Kurdish people in particular. It believes that in the last years of the twentieth century all people should enjoy their just rights. Our party, therefore, considers the establishment of democracy as a radical solution to the current problems faced by our country, Iran. These are the realities that our party propounds to the people. It is only natural that the clerical regime is terrified of such realities and the source from where these realities emanate; that is, the DPIK. [passage omitted]

The era is over when the use of military force, the establishment of bases and military garrisons, the organization of task forces, the imposition of a police atmosphere, the negation of the national rights of peoples, and the negation of the existence of 8 million Kurds in Iranian Kordestan could be used to break our people's will. [passage omitted]

However, fresh overtures by the repressive clerical forces in Kordestan will not yield anything but war and destruction for the people of Kordestan. We should note that the massacre, arrest, imprisonment, butchery, and harassment of the Kurdish people will not only fail to solve the problem but will make it more complicated and more acute. Who can guarantee that such intensive suppression will not result in a heart-rending tragedy which will further disgrace the Islamic Republic? In fact, what did the regime achieve by suppressing the Kurdish people in the past few years?

As we have said before, the wants of the Kurdish people are humanitarian and just and form the epithet of the DPIK's party. If the regime intends to resort to suppression and the military solution to prevent these desires from being fulfilled, our party and the Kurdish people will have no alternative but to retaliate in order to defend our existence and just desires. The correct solution of every problem dictates that the nature and source of the problem be studied deeply. Such an approach can lead to a principled and logical solution. Military aggression and suppression do not solve problems, they exacerbate them further.

The regime thinks our party's unforgivable sin is in that it shows the people what the basic solutions to Iran's current problems are and in that it has proven that despotism is the source and reason for many of the problems faced by our society. Our party's sin is in that it believes in freedom and in that people should be free so that they can strive for their just rights and interests. This is something the regime's officials, especially those in charge of Kordestan's affairs, are aware of because they are continuously involved with the Kurdish people's problems and are much better acquainted with realities. If the regime wants to resort to suppression and pogroms, the combatant forces and the Kurdish people will be able to confront them.

Fortunately the Kurdish problem today has turned into an international problem, and progressive and humanitarian people defend the rights of the Kurdish people and will never remain indifferent regarding the suppression and massacre of the people of Kordestan. The clerical regime—which understands no other language but that of pogroms, massacres, executions, and prisons—will, therefore, undoubtedly face defeat in its suppressive measures and inhuman plans in Kordestan. The DPIK's combatant forces are ready, like in the past, to inflict crushing blows on the regime's mercenaries and to its military installations. They are ready to display their superiority and strength in the military field and to thwart any effort by the regime to further militarize Kordestan and to prevent the political-military activities of the DPIK.

'Misuse' of Press, Party Freedoms Scored

NC3151621 Tehran RESALAT in Persian 25 May 91 pp 1, 16

[Editorial by Seyyed Morteza Nabavi: "The Blessing of Freedom"]

[Text] As Mr. Hashemi-Rafsanjani pointed out yesterday in the Friday prayers in Tehran, there is a prevailing idea causing the people to be discontented and disappointed in the revolution and the country's officials. This current, which used to be opposed to freedom of speech and parties, today strongly supports freedom of speech and parties. The blessing of freedom and of the formation of parties within the framework of the law and in accordance with Islamic values is always valued and is

one of the firm principles of the Islamic Republic. Naturally there is an exception to every principle in exceptional times. For example, in war situations, freedom of speech is limited to prevent the enemy's misuse of it.

In view of the fact that "freedom" is one of the great blessings of God and the Islamic Republic's gifts, we must be grateful for it. Gratitude is expressed by recognizing the blessing and correctly using it.

It is possible to fill the pages of a newspaper with rumors concocted by foreign radios and the American and Western news agencies on the Iranian stand on these freedoms and to start a war of nerves against the Islamic ummah. It is possible to use free and holy rostrums and to join in unison with Radio Israel and the radio of the monafeqin [Mojahedin-e Khalq] to attack the sanctities of the people of this Islamic land. But is this not a misuse of freedom?!

It is possible to question the National Security Council's decisions and the system's foreign policy as the BBC does. It is possible to suggest that the revolution's values have lost their luster and to blame the country's current government for the natural impacts of the past war. But is this the correct way of using the blessing of freedom?!

It is possible to alter and distort officials' remarks to fake evidence and to portray them as being self-centered and opposed to freedom and the formation of parties and groups. But is this justice and compassion?!

Under the pretext of protecting the people, some have passed the limits of freedom by misusing rostrums and the pen on the pretext of safeguarding the imam's line. They have, nevertheless, harmed the safeguarders of the imam's line and have begun damaging national morale. The preacher of the Friday Prayer and the chief executive lauded the principle of freedom and stated magnanimously:

"The rostrums and the newspapers are free. This freedom is to our benefit. People can talk. But I want you to be aware. What is said to win a vote is not the same as what is said to safeguard the revolution."

He himself made the people aware by using the same principle of freedom and by drawing the people's attention, without revealing those who used rostrums and pens for this purpose, so that he could grant those people the opportunity to end the misuse of freedom and the spread of discord.

Naturally, freedom is not one-sided, officials should describe their policies and efforts more than they do in order to prevent the creation of more grounds for the dissemination of suspicious propaganda.

As was clarified by the president, freedom should benefit the people and the country. When the people are familiar with the facts, they will distinguish between a real friend, an ignorant friend, and a wise enemy and there will be nothing for people and the officials to worry about.

Meanwhile, if the judiciary branch holds open courts to try media penalties in the presence of a jury (according to the constitutional law), it will greatly help toward the formation of a more healthy atmosphere in the press and the use of the freedom of speech and pen.

Energy Supply, Consumption Detailed

91AS1013A Tehran KAYHAN INTERNATIONAL
in English 11 May 91 pp 6, 15

[Text] During the year 1988 the total energy produced in Iran was equal to 1,025.6m barrels of crude oil, 91 percent of which was crude oil, 7.1 percent was natural gas, 1.1 percent of it was hydroelectricity and 0.8 percent of it was gained from coal and other solid burning materials.

In a report titled "the energy balance sheet of the country, 1989," the Ministry of Energy has given valuable statistics about the production and consumption conditions of all kinds of energies in Iran and other countries. According to these statistics, during the past 12 years the ratio of the total energy consumption in Iran to its production was raised from 11.4 percent in 1978 to 39.5 percent in 1988. These figures indicate the continuous increase in consumption in the course of recent years. At present time although Iran is one of the main world oil exporters it consumes 40 percent of the energy it produces.

From the total final energy consumptions of the country in 1988 the share of fossil fuel in the total final demand was equal to 80 percent, which compared with 81 percent in 1978 there is some decline. The internal consumption of oil product in 1988 reached an average of 830,400 barrel per day which compared with Iran's official OPEC quota (3m barrels a day) it is about 30 percent of the total oil produced in the country. Considering that the cost of each barrel of oil in 1988 was about \$20, the value of all the oil consumed in the country reaches \$16.6m a day and shows a figure of \$6.1b annually. This last figure is 1/7 of the Iran's GNP with constant prices.

In 1988 the supply of natural gas inside the country was 12.4b cubic meters which had a 5.1 percent increase compared with the previous year. In the same year the total production of natural gas in the country reached 35.4b cubic meters which was used inside the country and with the exception of 12.4b cubic meter the rest (10.5b cubic meter) was burned without use. In this year the consumption of natural gas in power plants showed 5.1 percent increase in comparison with the previous year.

A survey of the conditions of production and consumption of natural gas during recent years shows that in the light of all efforts made to expand the internal consumption of natural gas and economize the use of crude and refined oil a great volume of the gas produced in the country is burned up or wasted without any use. Considering the global price of natural gas and the fact that

at the present our country has concluded an agreement to sell about 7b cubic meters of natural gas and by this way has guaranteed an income of about billions of dollars in the years to come [as published], the above figures indicate the great volume of wealth destroyed during the past 11 years. In 1988 from the total internal supply of natural gas 49.8 percent was used in power plants, 23 percent in houses and commercial sector; 21.4 percent in industries and the rest which amounted to 5.9 percent was used in refineries and petrochemical industries. It seems that with the low cost of natural gas compared with oil, it should substitute the consumption of all kinds of oil rapidly, and fortunately there are good programs in the first five-year plan this connection [as published].

During the past 12 years the per capita consumption of electricity has increased from 465 kilowatts per hour in 1978 to 725 in 1988, an increase of about (61.7 percent), and this has been in spite of the eight-year old imposed war and the destruction caused by it.

In 1988 the Production of electricity by the Energy Ministry reached 43.8 billion kilowatts, 61.6 percent of which was produced by steam power plants, 18.6 percent by gas power plants, 16.7 percent by dams and the balancing 3.1 percent by diesel power plants.

The Energy Ministry's report indicates that because of the low cost of gas oil, most of the country's industries used this product to the extent that the share of gas oil in combination of consumed energy of Iranian industrial sector has increased from 22.4 percent in 1981 to 27 percent in 1988 and the share of fuel oil decreased respectively from 47.3 percent to 38.2 percent.

While the GDP [gross domestic product] (with constant prices of 1974-75) was equal to \$19.4b in 1967 (1357.4 rials, each dollar was approximately 70 rials).

The total supply of energy was equal to 73.9 million barrels. But in 1988 the GDP reached 2,900b rials or \$41.43b while the total energy supply was increased to 405.2 million barrels. So while during 22 years the GDP of the country has increased by 113.6 percent, the total energy supply has jumped by 448.3 percent. In the same period the energy demand increased by 537 percent and reached 334.4 million barrels in 1988 from 52.5 million barrels in 1967.

These figures show that during the past two decades the energy demand has increased with a speed four times that of the country's GDP. This indicates the extravagation we have been ill with in all levels personal and national. Some may connect this awful increase in energy demand to the rapid population growth, but the existing statistics prove that only a small part of the increase in the country's energy demand is related to population growth. Because while the energy demand has increased by 537 percent during the past 22 years, the country's population has increased by 100.7 percent. This means that the total energy demand has become 6.3 times more than before, while the population has only been doubled. The country's per capita final demand

reached 6.3 barrels of oil in 1988 from two barrels in 1967 thus showing an increase of 215 percent during the past 22 years. In other words, the consumption or the energy consumption demand by each Iranian individual has become 3.3 times more than 22 years ago.

It is necessary to mention the point that the increase in energy consumption at macro levels and per capita level is not considered at a negative thing. What is dangerous in the macroeconomy of a country is when increase in the final energy consumption occurs without any change in national production or economic growth. Considering the existing international indexes, even if the increase in final energy consumption is accompanied with the national production increase, it is still considered as a negative point, let alone the increase in energy consumption in conditions of national production decrease.

A survey of another statistical reality shows how during the past years the energy consumption in this country has not been in accordance with the GDP growth. While during 1967 the ratio of the total final energy demand to GDP has been equal to 387,000 barrels for each one billion rials (\$14,385,714) the same ratio in 1987 was 1,036,000 barrels and in 1988 it was 1,153,000 barrels. In other words, at the present time we consume three times more energy in order to produce each determined valuable unit of wealth than 22 years ago. This is in the face of the fact that during these two decades the world has stepped exactly in the opposite direction with the same growth ratio and has economized the consumption of energy.

In a situation that the GDP was constant and the per capita GDP was continuously decreasing, the demand for consumption of all kinds of energy was increasingly going up. (But for what purpose?)

In 1967 the per capita GDP was \$731.4 which increased to its highest level in the country's history in 1978 and reached \$1,600. In 1987 this figure decreased again and reached \$891.4 and in 1988 reached its minimum which was \$720. But the country's energy demand trend didn't follow the same path. While the per capita GNP growth in 1971 increased by 62 percent compared with the base year 1967, the increase in per capita energy demand reached 65 percent. In 1978 the per capita income with respect to the base year 1967 increased by 119 percent and the per capita energy demand increased by 190 percent. This point shows perfectly well that the income caused by global oil price increase in 1973 brought up the level of energy consumption in the country. An increase in energy consumption which was not at all in accordance with the country's productive potential and naturally this increase didn't have any role in the elevation of productivity in the society.

The problem is this trend did not stop or decline after the victory of the Islamic Revolution despite all the slogans and economization talks. Neither did it continue its natural growth rates, it has increased constantly with more momentum.

In 1981 following the problems caused by the revolution and the imposed war the per capita income declined to \$927 and compared to the base year 1967, it increased by 26 percent. But the per capita energy demand increased by 160 percent compared with 1967. Of course because of the decline in energy supply in this year from one side and the increase in the armed forces energy consumption on the other side, the consumption and per capita final energy demand decreased in this year. But this decline was not of a function of the per capita GDP decrease. The per capita GDP in 1981 decreased by more than 42 percent with respect to the year 1978, but the per capita final energy demand decreased by only 10 percent. We can consider the cause of this illness as the continuation and expansion of consumption mentality in the country and the continuation of the imposed war and the energy consumption induced by it.

Although because of intense energy supply decrease in 1986 and the years that followed the per capita energy demand reduced a little, but because of the foreign exchange income decrease, the condition of per capita GDP became worse and in 1988 it reached \$778.5. In fact the per capita GDP in 1988 was the lowest in the past two decades but in the same year each Iranian used 6.5 barrels of crude oil which is 3.1 times more than energy consumption in 1967.

JOMHURI-YE ESLAMI on Power of Oil 'Weapon'

NC0362010 Tehran JOMHURI-YE ESLAMI in Persian 28 May 91 pp 1, 2

[Editorial: "Oil—The Weapon of Power"]

[Excerpts] In the name of God, the compassionate, the merciful.

The international conference "Oil and Gas in the 1990's—Prospects for Cooperation" opened in Esfahan yesterday morning with a message from President Hashemi-Rafsanjani. [passage omitted]

There is no doubt that international developments can be studied from an ideological and theoretical perspective, but they can also be understood using more material criteria, and energy plays a key role here. The three factors of "energy," "technology," and "information" will have a decisive effect on future events by determining the power structure, acting as the main pillars of the "power triangle."

In such a scheme of things, the Islamic world can and should assume a leading role for itself. With its "energy" resources, as well as its "strategic lands" and the "massive manpower resources" at its disposal, it can achieve the leadership and prestige that is its due. [passage omitted]

The Islamic world must extricate itself from its difficult and regrettable circumstances. Today is the day of decisionmaking, action, and movement. The weapon of oil lies in the hands of the Islamic countries. The world

economy is dependent on the Islamic world's oil and cannot operate without it. The needs of the Islamic world can also be met if just principles prevail and buyers and sellers are given equal rights. [passage omitted]

It must be clarified whether it is the buyer or the seller which has the right to set the price of oil. If it is the buyer, then the oil-producing countries should also have the right to set the prices of the goods they buy from Western market. If the seller has the right to set prices, then once again it is the oil-rich countries which should set prices they consider appropriate and, with their inexhaustible wealth, they should conduct fair transactions.

The international conference "Oil and Gas in the 1990's—Prospects for Cooperation" provides an opportunity to emphasize that the oil-rich countries must attain their proper place in the international system and the world's power structure. All efforts must be concentrated on achieving this objective and removing any obstacles. Any other efforts, however sincere, that are not aimed in this direction will prove futile.

Two Shortwave Transmitters Inaugurated

LD1505191891 Tehran IRIB Television First Program Network in Persian 1215 GMT 15 May 91

[Text] According to the Central News unit, two powerful 500-kw shortwave transmitters in Zahedan, which began to operate on an experimental basis last year with the transmission of external programs, were inaugurated officially this morning in the course of a ceremony. According to this report these two radio transmitters will be carrying external programs and the Arabic voice [as heard] in the mornings; and in the afternoons, in three separate sections, English, Urdu, and Pashto programs.

NEPAL

New Government Facing Stiff Challenges

High Expectations

91AS1060A Kathmandu THE RISING NEPAL in English 27 May 91 p 4

[Article by Siddhi Ranjitkar: "The New Government: Challenges and Prospects"]

[Text] The new elected government faces numerous problems that are in store from the previous regime. Since this government will be made of the members of the party directly elected by people, hence this Council of Ministers will report to their party which promised to listen to the people during the election campaign. The people have naturally high expectations from this government which has to take into account the people's aspirations.

Problems

During the last 30 years, people were less able to speak out their problems. The previous regime virtually denied many things including freedom of worship, freedom of development of languages and freedom of development of ethnic groups. Hence, all the ethnic groups, religious groups and language groups will now come forward to have their share of the development cake.

People living in the Terai feel that they are discriminated against, although major efforts of agricultural development were focussed by previous governments on the Terai. Even now people may see development occurring fast in the Terai. Their per capita income is higher than that of the people in the hills and mountains.

Political parties that have no representation in Parliament or that are out of power will vehemently oppose the policies of the party in power. They may even attempt to create disturbances. Some losing parties may even persist in claiming that the winning parties have rigged the elections.

There are a number of newspapers in the private sector who indulge in sensationalism. People tend to believe them more than the government media and these media were the tools of the previous regime that controlled them for its purpose rather than letting them to work independently. As such, the future government has to tackle a number of problems caused by attempts at misinformation.

There are many lobbyist groups which attempted to influence or had influenced the previous regime too.

The so-called non-governmental organizations will exert heavy pressures on the new government for their share of development activities. Similarly industrialist, traders and other groups will demand benefits for industries and trade. Labourers on the other hand put forward their heavy demands of high wages and fringe benefits.

Civil servants are awaiting the fulfillment of their demands. As soon as the new government is in place, they will call on the government to fulfil their demands. School and university teachers may have their own grievances. Some of their demands may be politically motivated. Student sympathizers of parties not in power will find excuses to agitate.

International donor agencies have their own lobby. They will influence the government or may even adopt a policy of "take it or leave it." Unfortunately, the government may take quite some time to do away with foreign aid. The country is heavily dependent on foreign aid. That may be remedied only after persistent efforts for several years to come. Similarly, the two giant neighbouring countries will also try to pull the government to their sides.

People in general will expect better living conditions, hence they will ask for price and market control to make goods and services available readily and cheaply. Goods

and services produced by parastatal organizations will have to satisfy the needs of people. If they cannot meet people's expectation, this will create room for dissatisfaction of people.

The elected government will have the full support of the people. So the government can work confidently for the people. However, the elected government has to respect the opposition parties, has to listen to their views and has to involve them in major decisions. Their participation in decision making of the government will solve a large number of problems. Let the opposition parties have their shadow ministers.

The elected government will be better off if it considers the opinion of opposition parties while appointing persons in key public positions. This will enhance common acceptance of all parties to these appointments. Let opposition parties enjoy credit for their constructive criticism, and corrective measures. Such an approach will assist the party in power in the consolidation of their political strength. Opposition parties will have less reasons for going to the streets to demonstrate their dissatisfaction over the performance of the government. In addition, the government will share responsibilities for many things with the opposition parties.

The government has to pay due attention to ethnic groups and has to support them for development of their societies. Majority rule may cause inconvenience to minority groups. Therefore, the government has to be careful not to lead them to such a position. However, reservation policy has to be erased from the mind of people in general. It has to be clear enough to all concerned that such a policy does more harm than good.

The elected government has to monitor public opinion carefully and continuously. No matter what the ruling party thinks, public opinion will play a role in the performance of the government. It will be too late to wait until the next election for consideration of public opinion.

Sincerity of minister and transparency of government business are two major things the democratically elected government has to think of. Let the people know the ins and outs of each and every ministry and parastatal organization. Let parastatal organizations bring their balance sheets to public notice as investment in these institutions belong to the people.

Any charges against the government brought to public notice should be dealt with seriously and immediately. If these charges are true, the government has to be sincere to accept them. If they are false, people who are responsible for such misinformation have to be dealt with strongly in courts. This will build a good image of the government.

Lavish lifestyles of ministers and indiscriminate uses of government facilities will irritate the common mass. Everybody will be interested in proper utilization of public properties.

The elected government has to give full freedom of socio-economic development to the people and has to allow the people to grow in whatever way they like; permit them to sell their products wherever they wish; and simplify registration procedures for exports and imports of goods and services. In other words, let the people work in an environment of a free market economy.

The government has to protect consumers in particular and people in general. Every consumer should have a right to have full value worth of goods and services for their money. In order to ensure the people enjoy quality goods, the government has to prevent adulteration of food, beverage, cereals and other consumer goods, and has to take action against traders, industrialists and parastatal organizations that may be involved in such misdeeds.

The government has to safeguard the overall interest of the people in general. This will include the protection of an environment that everybody shares and lives within. People may spoil the environment in a number of ways, hence the elected government has to be serious in dealing with violators of natural laws as well as man made laws.

If the government attempts to create a welfare state, it will have a problem of finances. It may end up collecting money from the common people, and spending it for a selected few people. The country will undergo the same experiences of inefficiency, mismanagement and corruption that so-called socialist countries experienced for several decades. Repetition of same mistakes means a heavy burden on people. This may be too costly to a political party or parties in power. Therefore, the government has to adopt a prudent policy that gives opportunities to all people to work, earn and live humanely.

Positive Results

The new government has a lot of problems in store to tackle. At the same time it can be a model government for overall development of the country provided it takes unpopular decisions in the beginning so that by the time of the next election, positive results of such decisions will be discernible to the people.

Urged To Learn From Past

91AS1060B Kathmandu THE RISING NEPAL
in English 31 May 91 p 4

[Article by Sushil Sharma: "Girija and the New Team"]

[Text] That the road ahead for the new Prime Minister Girija Prasad Koirala will be anything but smooth was apparent on the first day of the announcement of the new cabinet.

Size

Contrary to what he had said earlier, Girija could not keep the size of the cabinet as small as he had wanted.

After he was elected the leader of the Nepali Congress parliamentary board, Girija had said that he would start with a small team of 10 or 11 members and that the emphasis would be on youth.

On the same occasion, he had expressed the resolve that "what I say, I do."

But eventually he ended up with a medium size cabinet of 15 members average age of whom said to be well over 50.

His difficulty in living up to his words is quite understandable given the ministerial ambitions of many of the newly elected party MPs [members of Parliament].

And such difficulties will abound in the coming days especially in view of the high expectations of the people from the new government.

The expectations are much higher today than they were when the interim government took over immediately in the wake of the restoration of democracy.

Because the interim government was mainly preoccupied with two main tasks—framing the constitution and holding elections under it—it could not do much on other fronts.

Patience was the word then. Almost every major step concerning the relief to the people was deferred until the elected government took over.

The political leaders including the Prime Minister had assured that the elected government would be in a better position to address the country's problems and meet the expectations of the people.

Now that the constitution has been framed, elections completed and that an elected government—a uniform one, at that—has been sworn in, the common man may feel that the long wait is finally over. He will want the job done—right now, without any further delay.

But this is easier said than done for many reasons. In the first place, coming as it did after a long gap of three decades, the democratically elected government lacks in experience.

No member of the cabinet has had any prior government experience. It is a totally new team in a new context. Leading the opposition against the government and the political system and leading the government itself are two different things altogether.

This may make the ministers dependent on the bureaucrats—at least for sometime. The bureaucrats on their part have not yet been able to get past the hangover of the Panchayat period.

They have simply not been able to change and adjust themselves to the new political situation—so far. Prime Minister Girija knows this very well. It was he who had been consistently calling for the overhauling of the administration.

The ministers will therefore have to be careful not to rely excessively on bureaucrats to make up for their lack of government experience as some ministers of the outgoing interim government did as it turned out, only at their own expense.

The task before the new government is enormous indeed: providing a sense of security and immediate relief to the people, checking the price rise, initiating action against the wrong-doers of the previous system, fulfilling the rising aspirations of the different sections of the society and so forth.

The task becomes all the more difficult given the resource constraint and the crippled economy that the post-democracy governments have inherited.

Prime Minister Girija is aware of this situation. He knows his difficulties and limitations well as could be made out from his first public appeal he made over radio and television after assuming the office.

What he badly needs in fulfilling his task is the cooperation of all especially the main Opposition party—the Nepal Communist Party (United Marxist and Leninist [UML]).

The UML leaders have promised him constructive cooperation. Going by what Man Mohan Adhikary and Madan Bhandary have repeatedly said in recent days, the Girija government may feel assured of a “responsible Opposition” in the parliament.

But, like the government, the Opposition may also find it rather difficult to live up to its words especially in view of its lack of parliamentary experience.

It may find the temptation to cash in on any problem of the government too difficult to resist notwithstanding the rhetorics about playing a responsible and constructive role in the parliament.

Differences

That on some very basic issues the ruling party and the Opposition do not share identical views is in particular a matter to worry about.

While the Nepali Congress considers multi-party democracy, constitutional monarchy, sovereignty in people and fundamental human and civil rights unchangeable and wants all political forces to work within these four basic structures of the constitution, the UML holds that nothing is unchangeable.

Thus, the very premise of democracy being viewed differently by these two main parties, it is natural to influence their course of action. It is in this context that the Girija government's getting the Opposition's cooperation seems rather suspect.

Though it is possible that such a stance of the UML and its sticking to “new people's democracy” is intended for the internal consumption only—to pacify the radical

party cadres—and that its commitment to parliamentary democracy and constitutional monarchy may have come deep from its heart, it's not distancing away from radical communist groupings does not put in any good stead. [sentence as published]

The seat adjustment that it had reached with the United People's Front [UPF], for example, for electoral gain may have yielded the UML some benefits, but it has certainly not done any good in its image that it is seeking—an image of a responsible Opposition—because the UPF's declared policy is to ‘expose’ and undermine and not consolidate the parliamentary democracy.

Any kind of ‘alliance’ with the likes of the UPF is therefore tantamount to endangering the hard-earned multi-party democracy. The fresh talk about forming a unified communist party including the UPF and UML merits special attention here.

It is with such Opposition in the parliament that the Girija outfit will be at work.

Having said this, however, it goes without saying that a lot depends on the government itself. In the first place, it will need to take the Opposition into confidence and give the latter the recognition and respect it deserves.

Secondly, it should be able to give the impression to the general people that it means business and that it can deliver the goods.

The best way to take the initiative away from the Opposition is to deliver the goods. At least, the people should get the impression that this particular dispensation is different from its predecessors.

The Prime Minister is known for his forthrightness. To quote a close aide, “he is an action-oriented leader.”

Yes, action and not the word is the need of the hour. And the Prime Minister showed his ‘action-oriented’ credentials on the very first day when the inaugural cabinet meeting decided that all the ministers declare their properties within 15 days. This was a step which was talked about much but never attempted in the past.

It is this kind of action that makes people repose confidence in the government. Once the government gains the people's confidence—a commodity which remained elusive to the successive governments during the three decades of the panchayat system—half job is done.

While action is certainly what is expected of the new government, Prime Minister Girija would also do well in showing adequate tact in handling the statecraft.

He perhaps knows well how tactfully the communist partners of the interim coalition government made most of the achievements of the interim government while putting all blames of its failure on the Congress.

The Congress, on the other hand, could not capitalise on the gains of the government despite being the senior partner even as it had to pay the price for its failure particularly in regard to law and order situation and economic relief to the people.

Being good-intentioned and action-oriented alone may not suffice in politics particularly for the government. It is also equally important to make the people feel so.

There are many instances when the government with the best of the intentions, plans and programmes and a good track record have failed to survive.

Reminder

The new Prime Minister does not have to look very far. The fate the Nepali Congress government headed by his elder brother B.P. Koirala met 30 years ago should be a reminder of how even the life of a people-mandated government with the best of the intentions, plans and programmes and a good track record, if not accompanied by adequate tact, is cut short.

Prime Minister Seen Sincere

91AS1060C Kathmandu THE RISING NEPAL
in English 31 May 91 p 4

[Editorial: "A Good Beginning"]

[Text] Prime Minister Girija Prasad Koirala's special statement to the nation after assuming office Wednesday has clearly identified the immediate challenges before his administration, and the Prime Minister has expressed his firm resolve to tackle them in an effort to bring about overall progress on the many fronts begging attention. While the broad issues such as fighting poverty before the status of the Nepalese people could be uplifted and the need to focus development endeavours on the rural sector have found expression in the policy outlines, specific issues such as the destruction of forests, genuine grievances of various sections of the people, price rise and law and order situation have also been dwelt at considerable length. Mr Koirala has also specified his government's foreign policy, stressing the nature of the country's relations with its immediate and regional neighbours, along with an express commitment to pursue the policy of non-alignment. As such, Wednesday evening's statement can easily be described as an important policy disclosure of the new government.

The Koirala government has embarked on its responsibilities with earnestness and the beginning has to be described as good. A vivid instance of the new government's seriousness of purpose in contrast with earlier governments also lies in the new cabinet's immediate decision to have the new ministers submit their property statement within a fortnight. But it has to be mentioned here that the government's earnest pronouncements will be ultimately judged by the people only on the basis of the actions it will take. Mention also has to be made here

of the fact that the government will remain lame in its endeavours without the full and constructive cooperation of the parties in opposition. Aware of this reality, Mr Koirala was particular in his statement to appeal for the cooperation of all opposition parties in a manner that was both certain and conciliatory.

All said, the general people, through Mr Koirala's statement, have had a more coherent idea of the priorities and policies of the new government, a fact that will enable them to be more forthcoming in their support whenever and wherever such would be required. The people will be firmly watching how the government deals with the manifold problems on its hand. The government, for its part, will have the confidence of the people behind it in its functioning. While the support of the people is something that the government can rest assured of, the fact at the same time is that this support is also a constant reminder of the responsibilities reposed by the general masses—something the government cannot afford to overlook.

Leftist Opposition Undemocratic

91AS1060D Kathmandu THE RISING NEPAL
in English 28 May 91 p 4

[Article by Mukti Rijal: "Leftists in the Opposition"]

[Text] The general elections have posted the Nepalese leftists to the role of Opposition. In a parliamentary set up, the role of the main Opposition party is equally significant as that of the party in the government. Finding oneself in the role of Opposition the leftists should take it as being enjoined upon a heavy responsibility to act with the same foresight and fortitude as the party in the government should do.

Seriousness

The government and the Opposition should face the situation with equal seriousness and business-mindedness with an anticipation that the latter may be considered by the people to be elected to power in case the former fails to act up to expectations.

The opposition party in the Parliament acts as a shadow government. The leftists have been catapulted to act as a 'shadow government' closing in on the heels of the government subjecting the policies and programmes to rigorous scrutiny. They have to have their say in each policy matter no matter that conforms to or contradicts the stand of the government. Their role contributes to pilot genuine programmes through to success while their indifference tends to defeat them depriving the people of the benefit that could be resulted in. To extend cooperation to the government in matters intended to benefit the country and people and assail whenever it pursues policies detrimental to the popular interests should constitute the strategy of the leftists as the main opposition party in the Parliament.

Of the leftists, the Communist Party of Nepal (United Marxist-Leninist [UML]) have come out as the main opposition party with 69 seats in the parliament. Till the election results came, to everyone's belief, the performance of the UM-L had not been expected to be to the extent as it could do finally. Despite the organisational strength and disciplined cadres, it had and still has to work for it, even the left protagonists had not anticipated the surge of popular strength the UM-L could muster in the hustings. A source close to the United Marxist-Leninist had broached to this writer on the eve of polls that the seats to be won by his party would hardly exceed 50. The reason, according to him, was the shrewder games the 'bourgeoisie parties' can play with all means at their disposal to hoodwink voters to their favour is hard to countervail. But the election results have proved the contrary and have given the UM-L an enviable position of main opposition party. The political observers have noted the sagacity of the Nepalese electorate to elect the Nepali Congress to power and give the leftists the role of Opposition. There may be several reasons to favour the Nepali Congress as the ruling party with the leftists taking the position of their parliamentary opponents but the principal of them should be the credibility earned by them commensurate to their commitment to popular interests.

In the present juncture of Nepalese political process the leftists were indeed not favoured to form the government. The Nepali Congress was the favourite and also the single choice for forming the government which has been brought into reality too. The leftists have inched towards liberalisation and democratisation consequent to which they seem to have started to rely on democratic methods to achieve the egalitarian society they have advocated for long. The shedding of orthodox stereotypes and dogmas to embrace the pragmatic course of policy and programmes have made them involved in the democratic process in the country. The tilt of the leftists to consolidate the democratic values and norms has started to assure the Nepalese voters on their sincerity to the cause of democracy. It is due to this reason that the leftists have gained the trust of people to hobnob with the liberal democratic party—the Nepali Congress—in the representative forum of Parliament as the main opposition party.

The main opposition party has to be an alternative force in the country's political process and gear oneself to take the position of a governing party in the event the mantle falls on its shoulder. As the leftists have found themselves in the role of Opposition, what they need to undertake so as to gain unqualified trust to emerge as a governing party, must be well accounted for. Despite sizeable support from the masses the Nepalese leftists are more often than not blamed for banking on the populist-slogans to rally the popular following. They are alleged not being true to the objective realities and resorting to sloganeering and mischief-mongering. The leftists should make endeavours to allay all fears in regard to their distrusting and unpredictable character

and demonstrate that they can be more democratic and responsible than other parties if the situation demands so.

It is very easy to raise issues and stir up the sentiments of the people but the consequences to be ensued from them may be menacing at times. It is more dangerous to raise the issues if they go unattended because some issues tend to be so vital and emotive that the people will remain tied to their tangle. The parties raising the issue that cannot be addressed instantly may thus find themselves caught in the mire of an intractable problem. It is therefore that the Nepalese leftists should mature themselves to come out with such issues that are very urgent but realistic and not beyond achievement.

Another very important aspect that should be clarified by the Nepalese leftists is whether or not they have full commitment to pluralism despite that they have fared long in this respect. Although they contributed to engineer the fall of the partyless Panchayat system so as to bring in pluralism, it has not yet become clear whether or not their commitment to pluralism is absolute and final. The Nepalese people, especially the intelligentsia, have found it hard to stomach the equivocal tone among leftists on the question of parliamentary democracy and the people's democracy. The leftists talk about their goal to achieve socialism through the people's democracy. The people's democracy according to the leftists, is a more progressive and advanced sort of democracy to address the problems of the exploited sections of the society. But the people's democracy advocated by the leftists underlies the concept of the proletarian democracy in which the rights of 'bourgeoisies' are snatched away. In many countries where the leftists succeeded to capture power, they imposed the dictatorship in the name of proletarian democracy, resulting in the most undemocratic pattern of society.

Absolute

Sensible people would therefore like to get assurance from the Nepalese leftists that their commitment to pluralism is absolute, not to be altered at any cost. Once the leftists would have the people believe in this quarter they will be able to win confidence of the people and even get elected to power.

Prime Minister's Speech

91AS1060E Kathmandu *THE RISING NEPAL*
in English 31 May 91 p 11

[Text] Kathmandu, 30 May (RSS)—Prime Minister Girija Prasad Koirala issued a statement shortly after assuming office, yesterday.

Following is the full text of the statement:

Dear brothers and sisters,

Nepal has taken a significant step toward institutionalization of democracy in the country with the formation of the first elected government. On this historic occasion

I extend my heartfelt felicitation and congratulations to all the Nepalese people who have worked long and hard for restoration of democracy.

The Nepalese people and their elected representatives have nominated me for the office of prime minister. I am extremely grateful for this honor bestowed on me, and am deeply humbled by this extraordinary measure of confidence.

Speaking for the first time as your prime minister heading a new government my mind is flooded with the memory of those thousands who laid down their lives for the country. I cannot help but remember those silent warriors who underwent suffering and torture in the long struggle for the return of democracy. At long last the Nepalese people have come forward to vindicate the hopes, aspirations, and struggles of those fighters for democracy.

Therefore I accept the office of prime minister in the name of those great soldiers of democracy and the Nepalese people. On taking this sacred trust, my thoughts go out to the toiling masses in the countryside, the peasants and the workers. We have repeatedly expressed our profound commitment to improve their lot; and I would like to state again that we shall do it with the positive cooperation and dedication from all quarters.

NATION-BUILDING: Our campaign to build a new Nepal has begun with the formation of this new government. The trust and cooperation among all is needed to make this nation building campaign a success. The task of nation building is not exclusive to any individual or any group or a party but is a common responsibility to be shouldered by all the people. I therefore, call upon all political parties and others to put aside the bitterness and acrimony demonstrated during the recent elections. And I fervently appeal to all Nepalese people to once again take up our traditional way of resolving problems through mutual trust, respect and frank and open dialogue.

It is my wish this new government of the Nepali Congress will earn the trust and cooperation of all the Nepalese People. There is no longer any controversy over the democratic political system in our country. The spirit of the people's movement for democracy, the consensus achieved while drafting the country's new Constitution and the people's verdict in the general election proved that multi-party democracy is accepted by all. The country's abysmal level of poverty, therefore, now has become the common enemy of all political parties and the people in general. Now all our political commitment and efforts must be directed toward removing poverty from the country and alleviating the causes of socio-economic suppression, disease and illiteracy. The newly formed government of the Nepali Congress calls out to all the people to fight against this common enemy.

The government of the Nepali Congress will make honest efforts toward securing the confidence and cooperation of all political parties in the opposition, in programmes and initiatives directed toward improvements of the country's economic development. I hope all the parties in the opposition would responsibly cooperate with the government in seeking a common course of national action for development, maintaining complete faith in the fundamental principles of the Constitution: Multi-party democracy, constitutional monarchy and people's sovereignty and fundamental rights.

One of the main responsibilities of this government is to strengthen the country's emerging democracy. For this purpose the government's first priority will be to ensure that the people feel secure. Sadly, people especially in the village, have not been able to enjoy a sense of security even after the emergence of democracy. Democracy can never grow in an atmosphere of fear, apprehension and terror. The government, therefore, will deal strongly with any element that tries to undermine the law and order of the country, or fosters conspiracy to bring about instability. Similarly any encroachment on forests will be treated harshly to the full extent of the law, in this context I urge the administration and the police to stay vigilant and to ensure governments commitment to the people's felt needs.

RESPONSIBILITY: While the Nepalese people have entrusted me this office and show their confidence in the Nepali Congress, for which I am grateful, I do not take this office of the prime minister as the ultimate rung of power. I accept this great responsibility as challenges to meet head on the major problems facing our country.

On the subject of development, I am reminded of my own past. The abject poverty, hunger and disease in the country that I had known 45 years ago while working as a labourer in a factory at Biratnagar has not changed ever up till now. Still it is not possible for the majority of Nepalese people to provide their families with two simple meals a day and adequate clothes to cover their bodies. The Nepali Congress party is aware of this tragic fact. It was with this sorrowful picture in mind that the first elected Nepali Congress government headed by our leader the late B.P. Koirala had initiated in 1959 a national development campaign. Keeping the same grim reality in view, this new government of the Nepali Congress will start the development process anew. In this way the new government gives continuity to the political and economic struggle begun by us in 1959. For the ultimate emancipation of an oppressed and poor people.

The greatest challenges that confront this new government are the grim legacy of an economy in a shambles, and a mind-boggling poverty against which we have to fight. At the same time, with the advent of democracy, the hopes and aspirations of the people are more urgently expressed. The need of the hour is for the enlightened and knowledgeable citizens of the country to guide the government which is surrounded by the debris of a battered economy. Who should be the first recipients of

the fruits of development? The voiceless peasants and workers living in abject poverty for years, or those politically more articulate people who have benefitted continuously from the development efforts in the past?

I humbly appeal to the Nepalese people to maintain an atmosphere of peace, stability and disciplines in the country and try to understand the limitations and imperatives of the new government. The government needs time to strengthen the country's economy and to allow the fruits of development to reach the people of all classes and professions.

NATIONAL PRIORITY: Therefore I call on professionals in the public and private sectors and friends of all classes to temporarily postpone their demands in view of the urgency of the national priority to restore the crippled economy. I would like to assure the people that this government will try to fulfill any justifiable demand and resolve any problem pertaining to people's welfare through mutual discussions.

The next immediate priority of the Nepali Congress government is to provide some economic relief to the people, through various measure, making arrangements to provide fertilizers to the farmers throughout the country and to seriously examine the problem of high interest rates also come under the priority.

Likewise, the government will adopt a sympathetic policy toward resolving the problems facing the workers, civil, army and police personnel, university and school teachers and people from other class and professions. Problems relating to class welfare find adequate expression only in a democratic system and their solutions are possible only when democracy is institutionalized.

One of the major problems facing our country is the lack of drinking water in many parts of the country, particularly rural areas. Thousands of children die of hunger and malnutrition and thousands of our sisters suffer complication and even death in child delivery. The status and rights of women have yet to receive adequate attention. Health and educational facilities are used primarily by already advantaged people. On the one hand there is no lack of opportunity for a handful of people to earn as they please; on the other hand for a vast proportion of the population unemployment has become a scourge.

HUMANE PROCESS: The Nepali Congress party is resolved to change this inequitable exploitative socio-economic conditions. The new government will initiate a humane and equitable process of development by ensuring the availability of pure drinking water, rights of children to a decent life, protection of the rights of women, increased employment prospects and educational opportunities and health facilities to the poor.

The Nepali Congress government will also take steps to ensure and mobilise people's participation in programme related to the protection of the environment and effective population control.

One of our priority tasks in the coming days will be to introduce a major reform in public administrative service and the service delivery system. It is only through an efficient, performance-oriented and accountable civil service that the fruits of development can be delivered to the poor and disadvantaged.

NEW NEPAL: To put it frankly, the efforts of the government alone will not be adequate to meet the grave challenges of economic development nor to ensure the success of the campaign to build a new Nepal. Therefore, I call on the private sector entrepreneurs to contribute their all toward the nation building effort by increasing capital investments investing in research and development activities, and diligently pursuing efficient management practices.

I would also like to publicly invite foreign and joint capital investments in accordance with Nepal's national interest and development priorities.

The Nepali Congress government will implement humane economic development strategies based on the strong foundation stone of the country's sovereignty and democracy. Similarly, the government will develop foreign relations on the strong cornerstone of nationalism and democracy. The government will strengthen and expand its relations with foreign countries respecting their freedom, integrity, world peace and the role of the United Nations. The Nepali Congress government will maintain very close and cordial relations with our big neighbours India and China, and will expand goodwill and regional cooperation with other South Asian countries.

FIGHT AGAINST POVERTY: As the first prime minister elected after 32 years, I would like to say to the people, our efforts should concentrate toward actual work performance, rather than our emphasis on extensive intellectual discussion and semantic exercise. Our resolve to develop the country has not been motivated by any intellectual imperative but by the all too obvious affected poverty of the Nepalese people. My commitment and the first commitment of the Nepali Congress is toward helping the poor who lack the basic necessities of life and whose faces are tragic reflections of hunger, disease and illiteracy. Therefore, this government, a people's government, is determined to fight against the poverty in the country. I once again call on the intellectuals, friends from the press and media, and all Nepalese to lend support to the government and to cooperate with its programmes.

On behalf of the Nepali Congress, I express my heartfelt gratitude to the Nepalese people for their mandate and the support extended to us for the formation of this government.

I congratulate the Nepal Communist Party (UML) for the support they received in the general election, and welcome them to play the role of a responsible opposition.

I also extend my good wishes to the friends from all other political parties and the independents for enthusiastically participating in the democratic process of the election, and invite them to continue to play an important role in Nepal's development.

I also extend my heartfelt gratitude and thanks to His Majesty the King who in the role of a constitutional monarch has made positive contributions in the country's political development since the emergence of multi-party democracy.

On behalf of the newly elected government, I would also like to extend my congratulations and heartfelt thanks to the interim government headed by the Nepali Congress acting president Mr Krishna Prasad Bhattarai which successfully conducted free and fair elections.

Likewise, I extend my heartfelt thanks to the Election Commission, thousands of civil servants, the army and the police, friends from the press and observers from within and outside the country who worked day and night to ensure a fair and successful election.

PAKISTAN

Nawaz Sharif Reassures MQM Chief Altaf Husain

91AS0934B Lahore VIEWPOINT in English
9 May 91 pp 10-11

[Text] Prime Minister Mian Nawaz Sharif had a five-hour long meeting with MQM [Muhajir Qaumi Movement] Chief Altaf Husain separately and along with their respective teams on 30 April.

A day earlier, MQM loyalists and dissidents had had firing bouts amongst themselves in which two loyalists and three dissidents were killed in the Lines area and New Karachi. The fighting in the Lines area continued for several hours. A large contingent of Rangers and police surrounded the entire locality and brought the situation temporarily under control. Among those killed was a former well-known MQM militant and later a dissident, Murad Preedy.

When Mr Altaf Husain met the Prime Minister, he described the intra-party feud as an outcome of the conspiracy which he says has been hatched by some elements in the bureaucracy. The Prime Minister assured the MQM boss that he would hold a detailed investigation into the conspiracy charge. Earlier investigation by the Interior Minister, who was present at the meeting, found that there was no substance in the allegation. The Prime Minister is reported to have established a direct hotline contact with Mr Altaf Husain to avoid any misunderstanding in the future.

Other issues discussed included the repatriation of Biharis, lifting of the ban on recruitment, arrest of the Pucca Qila accused, payment of the Rs [rupees] 50 million for the Hyderabad riot victims which Mr Nawaz

Sharif as Chief Minister of the Punjab had promised about 20 months ago, and the alleged injustice meted out to Karachi by Islamabad in respect of fund allocations, their release, the industrial policy, etc.

The promises made by the Prime Minister were not disclosed, except that Mr Nawaz Sharif had said that the MQM-IJI [Islamic Jamhoori Ittehad] accord was valid and "our Government will honestly implement it." The Prime Minister further said: "Insha Allah we will take concrete measures for the solution of the problems raised by the MQM." Nothing was said about the release of the promised Rs 50 million for the Hyderabad Mohajirs. Mr Altaf Husain said the MQM supported the IJI Government and that this support would continue.

First Budget of Prime Minister Sharif Viewed

'Financial Rigging'

91AS0996A Lahore VIEWPOINT in English 23 May 91
pp 15-16, 17

[Text] The Nawaz Sharif Government is better placed in many respects than its predecessor to prepare its first budget. It has had more than six months at its disposal for presenting the budget and was not burdened with the mess created by the caretakers which the PPP [Pakistan People's Party] Government had to shoulder. Except for two or three anomalies in the pre-budget developments both on macro and sectoral levels and in day-to-day management, the coming budget leaves little room for speculation. The present Government has not only unfolded its ambitious economic agenda of privatisation, deregulation and decontrol in absolute favour of the private sector but also its mercantile conduct of financial management of the economy.

Fiscal 1991-92 will also be the fourth and the last year of the Structural Adjustment Programme being implemented with IMF and World Bank assistance. The Minister of Finance, Mr. Sartaj Aziz, despite Government's claims about self-reliance and rejection of aid conditionalities, has successfully negotiated a \$2.3 billion package by the Consortium and it is expected that \$2.6 billion, are already in the pipeline for the next financial year. The bottlenecks in the aid inflow were removed only after the acceptance of many conditionalities. The IMF and World Bank have not only provided the necessary guidelines for the next budget but have also agreed to follow the implementation. Although the Government has gone beyond what was demanded by our paymasters in the sphere of privatisation and decontrols, the Sharif Government was and is faced with a dilemma. If it follows all the conditionalities of the donor agencies, it renders our highly protected industrial sector vulnerable to more competitive foreign goods; if it does not raise income and decrease non-productive expenditure to bring the budget deficit down to less than 5 percent, it annoys the donors and risks an aid cut-off.

Interestingly, to save itself from the annoyance of donor agencies and alienation from its support base among the

business circles, the rural elite and the civil and military establishment, it has implemented and is expected to implement the directions of the IMF and the World Bank in a selective manner. The conditions which serve the greater interest of the private sector are being implemented enthusiastically and those conditions which go against the interest of the private sector and favour the consumers and the poor masses are likely to be manipulated in the interest of the former.

The IMF has also advised reducing tariffs on imports by 50 percent. If adopted, import duty on raw material will be charged from 5 to 10 percent, intermediate goods at 20 percent and capital goods of 30 percent, an overall decrease of 50 percent. It has also asked Pakistan to withdraw import surcharge and Iqra and withdrawal of the duty-free raw material facility to the Gadoon Amazai Estate.

In the sphere of, for example, the budget deficit, instead of raising revenues from the urban rich and the rural elite and decreasing current non-development expenditure to reduce the deficit; it has resorted to inflationary measures on two levels: first, it has printed money to the tune of Rs.[rupees]90 billion in the last eight months and has thus raised the money supply to Rs. 405 billion; second, it has resorted to what may be termed a pre-budget mini-budget by raising the prices of wheat flour (15 percent), cooking oil (17 to 18 percent), petroleum products (20 percent), rates of electricity (8 to 13 percent), gas (18 percent), and railway and PIA [Pakistan International Airlines] fares and freight (18 percent). According to a USAID [U.S. Agency for International Development] estimate, prices of essential goods have risen by 40 percent from November last to the end of April this year. These measures are estimated to have raised its income by Rs. 25 to 30 billion without having faced the embarrassment of an accumulated price hike on budget day. On the other hand, it has announced extended tax and tariff concessions through its packages on industrialisation incentives and decontrolling the exchange and payment system.

The power groups, rather than relinquishing some of their encroachments over the hard-pressed national economy, have started auctioning public assets. In an unprecedented denationalisation spree, the Disinvestment Commission has decided to privatise 115 industrial units in three phases and all the banks nationalised in 1974 are going to be privatised in the hope of raising much needed resources, to meet the expenses of the State on the one hand and to accommodate disparate partners in the IJI [Islamic Jamhoori Ittehad] coalition and surrendering to black money on the other. It is not surprising that the business representatives expressed their apprehensions at a seminar held in collaboration with USAID in Lahore and recommended that Government privatise only sick units and provide a five-year job guarantee to the employees. It also recommended spending the resources raised through the above measures on the development of the much-neglected infrastructure.

Exchange Reserves

In the backdrop of a deteriorating balance of payments situation when the trade deficit had reached \$2,459 million, foreign exchange reserves had plunged to a dangerously low level and aid inflow was suspended, the IJI Government had to borrow \$650 million at very high rates from private sources in the international market. With 90 percent of agro-based exports suffering from deteriorating terms of trade and import liberalisation, Pakistan will continue to have adverse balance of payments unless it can export high value-added goods.

In a desperate move to mobilise resources, the Sharif Government provided ample opportunities to the owners of black money to whiten their ill-gotten wealth. In its industrial and foreign exchange packages, it has guaranteed immunity from accountability if someone invests in industry or buys Foreign Exchange Bearer Certificates. One hears a lot against the dacoits in Sindh and capital punishment for kidnapping for ransom but the smugglers and tax-evaders have been provided with infinite opportunities to legitimise their plunder. According to a former Minister of Planning, Dr. Mehboobul Haq, the bureaucracy directly or indirectly embezzles or helps embezzle a staggering amount of Rs. 110 billion a year—much-quoted figures now—and invents ways and means for laundering black money.

In the current financial year, the total gross revenue receipts were estimated at Rs. 175,406.40 million. These were not sufficient to meet even current expenditure and the deficit in the current account was Rs. 20,590.20 million. After taking into account the internal and external borrowings, net reliance on deficit financing was estimated at Rs. 15,710.3 million. It was estimated by the Benazir Bhutto Government that by raising taxes to Rs. 7.87 billion and non-tax revenues of Rs. 5.067 billion, the deficit would come down to Rs. 7.36 billion. But the IJI Government, in the absence of any improvement in revenue collection and a substantial decrease in current expenditure has relied heavily on deficit financing—five to seven times more than estimated in the present budget. It is estimated that deficit financing has gone up to Rs. 37.1 billion compared to Rs. 15,710.3 million projected in the budget or Rs. 18.736 billion in 1984-85. The coming budget is expected to require Rs. 50 billion additional resources mobilisation, and external and internal borrowing is said to be projected at around Rs. 56 billion. Due to an estimated decline of Rs. 25 billion in revenue and an increase in current expenditure, the gap is expected to be of the order of Rs. 56 billion and if internal and external borrowing is included, it may go up to Rs. 90 billion.

RMTRC Findings

The findings of the Resource Mobilisation and Tax Reorganisation Commission (RMTRC), one of the six commissions set up by Prime Minister Nawaz Sharif, are to form the basis of taxation proposals in the next budget. Given the terms of reference of this commission,

it is clear that income assessment will not be necessary: it will devise a tax system based on capacity regarding excise duties and self-assessment system for levying custom duties. Dr. Mehboobul Haq had also reduced the corporate tax and slashed the taxation slabs in the false hope that corporations and individuals would declare their real incomes. But it did not work. While the Government is concentrating on plugging loopholes in the tax system and broadening the tax base, it is reported that it is going to offer a substantial cut in the highest tax slab. In any case, the loss incurred by the national exchequer would again be compensated by an expected rise of 10 to 15 percent in indirect taxes which are already 86.6 percent (1988-89) of the total taxes in comparison to 13.4 percent direct taxes.

In anticipation of the Government's determination to privatise every sphere of the economy, including social services, it is being speculated that user charges on telephones and fees of educational institutions and hospitals are being increased in the new budget. It may be mentioned that Pakistan is on the top of least developed countries where the infant mortality rate is the highest and the literacy rate is the lowest.

The economy is not merely facing a financial crisis but in real strategic and long-term perspective, "it is living on borrowed time," as said by one of the World Bank reports in what it describes "base case scenario." The financial crisis only reflects the crisis in the real economy. Planners in the last decade have been boasting of an average 6.5 percent growth of GDP [gross domestic product] annually. But it was not sustainable. Had the long-gestation projects not been completed in the late 70s and the boom of remittances from abroad come to our rescue, the economy would have collapsed in Zia's time.

Domestic Savings

The low rates of domestic saving and fixed investment, coupled with a rise in capital output ratio and deteriorating terms of trade due to our agrobased exports, have not only resulted in the slowing down of GDP growth rate but it is also reflected in the budgetary deficit and balance of payments deficit. With an almost total neglect of material and social infrastructure, the future of the nation has been mortgaged. These basic ills have been exacerbated by the ever-expanding non-development expenditure. It is alarming that in the Sixth Five-Year Plan, expenditure increased by 21.09 percent as opposed to the revenue receipts growth at 16.19 percent and this tendency is continuing unabated in the two years of the Seventh Plan.

The dependence on foreign loans had increased seven-fold in the Sixth Plan period—from \$1,075 million in the First Five-Year Plan to \$7.5 billion in the Sixth. The outstanding debt has reached \$15.6 billion. Pakistan's need for credit is becoming ever greater and the terms and conditions of such loans have become tougher than

ever before. Internal borrowings have been increasing on a large scale, and are now nearing Rs. 400 billion.

By itself debt and deficit financing are not bad if used for productive purposes. But in our case, most of it has gone in defence, administration and debt-servicing. In the next budget, these three heads are estimated to consume about Rs. 200 billion of an outlay of slightly more than Rs. 280 billion. The total revenues of Rs. 150 billion in the current fiscal year reflect a gap of Rs. 50 billion on the three counts.

Given the bias of comparative advantage against our agro-based and import substitution consumer industry, which developed under higher tariff protection and State patronage, Pakistan's dependent capitalist economy will be reeling in underdevelopment in the first decades of the 21st century. In the post-Cold-War era, the priorities of world capitalism will be quite different and Pakistan may lose the financial support of its erstwhile Western patrons. The only path before us is to develop a dynamic indigenous industrial base on a welfare model geared to the well-being of the people.

Financial rigging won't help the national economy in any manner. The next annual budget, already preceded by a mini-budget, may also be followed by a supplementary budget only to squeeze the people further. But, is it desirable for Mr. Nawaz Sharif's Government to press the entire political structure in the service of the shallow interests of a small class and throw Pakistan completely at the mercy of an inefficient and often corrupt private sector?

Economic Speculations

91AS0996B Lahore VIEWPOINT in English
23 May 91 pp 17-18

[Zafaryab Ahmed is interviewed by Omar Noaman; place and date not given; first paragraph is VIEWPOINT introduction; quotation marks as published]

[Text] Omar Noaman, the Lahore-based economist, thinks that the Federal Government is again going to duck the issue of taxing the rich. In this interview with Zafaryab Ahmed, he says the Government will probably rely as in the past on indirect taxation and thus fuel inflation.

VP: What is the situation? How is the Government going to mobilise funds? What sort of budget shall one expect? What are the proposals of the industrialists and agriculturalists?

ON: Let me begin with certain conceptional parameters about the budget. As far as revenue-raising measures are concerned, I don't think we will see a major change towards direct tax reforms, whereas the crying need of our time is that there should be an increase in direct taxation. The second element of revenue-raising measures is to reform the tax machinery. There will be a lot of noise about reforming this corrupt machinery, but

nothing substantial will be done in this direction. What we are likely to see is an increase in indirect taxation measures.

This can take several forms. You might see an increased tax on shops. This will be an expansion of the sales tax. But in broader conceptual terms what you should expect is an increase in reliance on indirect taxes, no substantial tax reforms and nothing serious about the taxation machinery. That is how I see the general framework of our coming budget.

One of the more serious implications of the budget is going to be its inflationary implication, because compared to the past, inflation is pretty high. Even officially measured inflation is high. Now at one level the Prime Minister's task has become quite difficult by lowering the price of oil. To me it seems that the whole country had got used to the increase announced in the wake of the Gulf crisis. If he had not lowered the price of oil, he need not have taken a lot of other unpopular measures to raise revenues. Now we should wait for more indirect taxes.

The link with inflation is at two levels. One that if you increase electricity and gas prices across the board, the way they have been announced, it is not fair. In my view the increase should have been much more punitive for higher consuming groups. There is a gap between the lower consuming group and the higher consuming group, but it needs to be widened. Those with two air-conditioners in a house ought to be paying substantially more per unit than a poorer consumer. That aspect has not been really taken sufficiently into account.

Coming back to the issue of inflation, all indirect price increase measures will fuel inflation at a time when inflation is already high. Another point is that if we don't really undertake substantial fiscal reforms, we will have a budget deficit which, to the extent that it is financed by printing money, will also add to inflation. Throughout the 80s, what the Government of Pakistan did was to buy off inflation by raising its domestic debt. There was an enormous growth in the domestic debt. Now that ability too is limited. The burden of the domestic debt is so big that if they don't tackle the fiscal reforms problem, we will go in for high inflation. I think inflation is going to emerge as a major problem if critical reform measures are not undertaken.

VP: How will the Government manage its economy without the foreign aid which constituted a big chunk of the budgetary allocation?

ON: The aid component is still there. The Aid-to-Pakistan Consortium has pledged \$2.3 billion. Out of that \$1 billion will go back in debt servicing. About half of the amount pledged is readily available. What people are talking about is the U.S. aid cut. The fact is that U.S. aid is a small component of the total aid that Pakistan gets. Most of our aid comes from the World Bank, the Asian Development Bank, and other multi-lateral Institutions; our major bilateral donor is now Japan. I don't

think that the Americans will twist the Government's arm. They may do that later, but this will depend on what course things take in the coming days. Apparently, the Americans are also trying to come to some kind of agreement over the Pressler amendment. Then there are \$7 billion which are already committed to Pakistan for the Eighth Five-Year Plan. Even if the U.S. completely cuts off its aid, it will mainly affect military supplies. Aid will keep flowing for another two or three years.

VP: In that case do you think some aid for economic development will be diverted for military purposes?

ON: It's difficult to do that. Because for that they will have to do all kinds of roundabout things. Then the major donors are multilateral institutions like the World Bank and the Asian Development Bank. It will be very difficult really to siphon that money off to the military account.

VP: What kind of budget do you think we are going to see?

ON: I think there will not be a great increase in direct tax. We will see some new indirect taxation measures. I do not see it to be extremely excessive, because the Government is relying on privatisation to bring in more revenues. I don't think we will see a budget that is highly punitive against the big income groups. You need to raise more taxes and you need to raise them more from the rich. That issue, however, will not be tackled. So the burden will relatively be borne by the poorer sections of society.

VP: What kind of agricultural policy do you foresee?

ON: It is a broad policy directive, coming out from the Federal Government. As I understand it, there is going to be some section of it also coming out from the Punjab Government, which is going to push the argument that the terms of trade are against agriculture, that agriculture is going to be squeezed in favour of industry. That is what the Punjab Government has been arguing, rather arguing very forcefully, these days. The Federal Government's agriculture policy I think is going to avoid any threatening decision. It is a very sensitive political issue because what this 'term of trade' argument means is that what a farmer is growing the output of his produce is being kept low. Why is that being done? To keep the food prices low for urban consumers. What is happening as a result is that the farmer's income is being squeezed because of the price he gets in his income. So the poor farmer loses out at the expense of the urban poor. The urban poor may gain because they have greater political clout, but the farmer suffers.

VP: Coming to the two recent settlements which the IJI [Islamic Jamhoori Ittehad] Government has reached where the previous governments had failed, some people think that settlement on a population basis is not fair.

ON: Can I talk about two aspects of both these accords? One is the spirit—that they signify I think that there is a

general agreement that at least we are beginning to get down to the table. To me this is sensible. At last a beginning has been made. The second aspect of the accords relates to the specific measures. That we can crib about and discuss and these can be improved. Now you have raised a certain particular category of the population basis. This is one way of getting Punjab to agree and there is no doubt this goes in favour of the Punjab. I would suggest that in the next round of the National Finance Commission, the distribution mechanism should have population as one factor but weight should be given to other factors. We can have a basket of factors in which 10 percent may be given on the population basis, 10 percent on social considerations and various other things can be brought in to have some sort of parity. I think we should move towards that. There will be resistance from the Punjab. Nevertheless there has to be some mechanism that assures that the lesser developed areas get more of the annual development plan. Currently, the Punjab has been raising objections. The Punjab delegation in a recent meeting organised a sort of a walkout on the issue that the population basis was not being borne in mind while distributing the annual development programme. It seems to me that the Punjab is taking an unreasonable view.

VP: Some people see the way these accords have been rushed through as an attempt to neutralise these long-standing issues and push them under the carpet.

ON: I do not agree. People who were pushing these issues under the carpet were regimes such as Gen. Zia's when the ad-hoc arrangement was such that it went to the Punjab's advantage. I think that it is an incorrect accusation to make against the present Government. They are beginning to tackle this problem. We may argue over specific measures but really they deserve credit for both the accords.

VP: The budget deficits that we have been talking about in the past and the international institutions too have been insisting that they be reduced, do you think there will be effective measures in that direction?

ON: Well, I think in broad terms not enough is being done to address the fiscal problem and you can only do this when you take tax reform seriously. At the moment the Government is simply buying time through privatisation so that it does not have to take tough political decisions. One thing we have not discussed is the expenditure side. They talk about expenditure cuts. But where are these going to be made? You can't do that. The possible area of expenditure cut is closing down some federal ministries of the Government. That needs to be done anyway, specially after the NFC [National Finance Commission] award. If the provinces are going to do more, there is no need for certain ministries in the federal Government. But in that case too we are talking about peanuts compared to what is required. Most of the expenditure you know is on debt and defence. What is left after that, health and education. You can't cut on those things. So the room for expenditure cuts is very

little. In fact there is great pressure on expenditure because you have got a situation where India has increased its defence. You know there are right now serious border skirmishes with India on Kashmir. What tends to happen in such a situation is that it is automatically felt that the defence budget in Pakistan should also be increased. I can't always see the logic of that. We are already devoting so much of our resources on defence that if we keep the defence allocation at the existing level, in real terms that sum to me is sufficient. But anyway the environment is such that it is easy for the army to argue for more money. It will be very difficult for a political government to resist this call. I think we will have to make an increase in the defence budget in real terms this year. That takes care of our expenditure side of raising revenues. My suggestion will be that if the defence requirements are increasing, why don't we revive the idea of a defence tax? Let the army appeal directly through the Government for resources for defence and make it clear and don't impose a burden on the existing tax revenue. If Pakistan is threatened by India, let us have a defence tax.

Industrialist Interviewed

91AS0996C Lahore VIEWPOINT in English
23 May 91 pp 19-20, 32

[Quotation marks as published]

[Text] Azam Saigol is a member of one of Pakistan's leading industrial families. He fears that the coming budget would again be largely framed by bureaucrats.

VP: Privatisation is being presented on a panacea for all our economic problems. How do you view this?

AS: This is a misconception about privatisation. Nobody should say that it is the answer to all our economic and social problems. However, privatisation is the order of the day. Incidentally this is what the PPP [Pakistan People's Party] Government had also committed itself to. Whether they would have gone ahead or dragged their feet is a different issue. This Government has taken steps in that direction immediately after assuming power. The point that I am trying to make is that it is not specific to any government. The reason for the universal acceptance of privatisation is the failure of the post-war efforts of excessive involvement of governments in running industry and commerce. In all countries of the world, particularly in Britain and France, it has been established that public sector enterprises are less efficient.

Social Service

There is this element of social service which is normally cited in favour of the public sector. I don't see why employees of the public sector are any better off than employees of private sector organisations. In fact, in my opinion if a private sector firm is doing well, the workers as well as the staff and management all benefit from it without bureaucratic bottlenecks. Every year they get raises and bonuses for the enhanced production. It is

with the sick units, whether these be in the public sector or in the private sector, that there are no facilities and workers are retrenched every year. Labour in our industry is extremely happy. I have never come across a situation where a worker has come to me and said that he is leaving us for a better-paid job in the public sector.

VP: If one looks at the last 25 or 30 years, what one sees is that the performance of the private sector in the matter of industrialisation hasn't been any better.

AS: The reason for this, to be honest with you, is lack of adequate incentives. Even now the incentives being given by the present Government I think are insufficient. It is not just incentives; it is something else. Let me give you an example. The governments of Japan and Korea invite the big corporations and businessmen at regular intervals to inquire about their problems and seek their advice while formulating their policy or budgets or whatever. Whenever the Government in Japan finds that their entrepreneurs are lacking in competition in the international market, for whatever reason, they invite them to discuss the constraints and future prospects. The hub of all economic prosperity is balance-of-trade surpluses and deficits. Pakistan's problem is that we keep borrowing money because we don't have foreign exchange and our debt-servicing keeps piling up. As a consequence we have got into a serious debt trap. The key to this crisis lies in the fact that we increase our exports and earn foreign exchange. That is the sole indicator of a successful economy. The reason why the German, Japanese or Korean economies are healthy—the American economy I would say is not healthy—is because they are export-oriented. These are not the days for an introvert economy like the U.S. to flourish.

VP: How do you look at Pakistan's situation?

AS: In the case of Pakistan, with the strange exception of the last PPP Government, governments just do not take the industrialists into confidence. The Government should have called the leading entrepreneurs to discuss the budget and problems like why they aren't exporting enough and so on. We for instance are manufacturing transformers and switchgears, etc. We have never won any tenders abroad except for one or two in Bangladesh or Sri Lanka. The Government has never bothered to ask why we aren't competing in the international market.

One reason for this is that the Government and the people of Pakistan still feel that the moneyed are bad people. To make money through legitimate means is a crime. If someone is making money and is honest about it, the attitude is that he should be robbed; he is bad, he is exploiting the workers, he is against the poor. In contrast, if a lawyer or doctor or a chartered accountant is making money, no-one has any grouse. In fact people say they are professionals. We need them. They are very good. An entrepreneur somehow is considered to be bad. Everybody hates him.

The business community has been an outcast in Pakistan. If we go to a bureaucrat, he does not listen to us.

For reasons better known to him, he has a totally negative attitude. We have not been encouraged in the last 25 years. We were originally encouraged after Partition. My father told me once that the industry that we started was not because of his initiative. When our family came from India, Government officials called my father to visit Lyallpur (Faisalabad) and offered him a piece of land and all other facilities and asked him to set up industry. At the time of Independence, the entrepreneurs were taken into confidence. They had a good working relationship with government officials.

What happened subsequently, after the 60s, is that we became somehow bad boys. The bureaucracy said we had become too rich without realising that it was because of their own policies.

VP: What do you think of the present taxation system. The general impression is that the industrialists don't pay taxes, instead they prefer to pay bribes to the tax officials rather than pay it to the exchequer. Why?

AS: That is absolutely true, but it is true for a very small number. That is more true of the trader, that is, the shopkeepers and the owners of small industrial units. The big business houses also try not to pay tax, but legally. For instance, there is a provision in the law known as accelerated depreciation. If someone invests his profits in the same factory, the depreciation is set off against his income tax. What the big industrialist does is that instead of paying two or three crore rupees to the Government, he reinvests it. This is very good. He is creating more jobs. The Government is not receiving enough tax revenue from the big industrialists because they are too busy reinvesting their money. We avoid taxes, I grant you that point, but in the process, we are expanding. At the same time I think that the tax structure is very bureaucratic and it repels the businessmen.

VP: How do you as an industrialist perceive the notion of self-reliance?

AS: Self-reliance, to be very, very honest with you, is an uphill task. In my opinion a state of self-reliance can only be achieved if a country has sufficiently industrialised, if it has become one of the major exporters in the international market. If we look at our total exports at present these are not more than \$6 billion a year. This is a ridiculous amount. This is less than the profits of a single company in the U.S. Unless we reach a target between \$20 and \$25 billion for our exports, we can only shout about self-reliance but we can't achieve it.

VP: What is your attitude to privatisation? One believes some of the Saigol industries were also nationalised.

AS: Almost 80 percent of our business was nationalised. The United Bank, the second largest after Habib Bank, was nationalised; we had a big chemical industry that was nationalised. We were left only with textiles. Most of it had obsolete technology.

VP: Will you be interested in buying back some of those units?

AS: To be very honest with you, we wouldn't, but maybe at a price, yes. We genuinely believe that the condition of the nationalised industry, particularly the ones that we owned, is appalling. They are all running in loss except for Ittehad Chemicals, which is a hot selling item because of the caustic soda. Otherwise that plant too is a shambles, because chemical plants are susceptible to corrosion. Ravi Rayon, I personally know, will crumble with even a minor jolt. We wouldn't be interested. Ittehad chemicals may be. If tenders are invited, we will bid. We are not going to get any preferential treatment of course.

VP: If efficiency and productivity were the objectives would it not have been better if the Government, instead of privatisation, had enhanced competition by setting up new units? They could have asked you to open up a new bank.

AS: The concept of privatisation entails that the Government should confine itself to running the country, not to appoint managing directors—say of Ittehad Chemicals. You tell me why doesn't the Government have its own law firm or firm of chartered accountants? That job has been left to private firms, but in the industries, they want their own managing directors.

We felt more confident when this Government started. To be very honest, this coming budget is not going to be entirely favourable to the private sector again. In the present budget-making too the bureaucrats have a big role to play, because a Government can take only policy decisions. The rest of it is done by the same bureaucrats. The coming budget we have heard will be more favourable to the trading community. Take for example the reduction of import duties across the board. We would have expected protection to local goods. Initially, the Prime Minister formed many committees on which we were given representation and we were very happy that we were being given due importance. This budget which is coming—we do not know a bit about it except for rumours. All that we know is that import restrictions are being relaxed and we are unhappy about that.

VP: The PPP Government as you said was also committed to privatisation. Did you feel secure under that second PPP Government?

AS: We felt very secure. It was different from that of the Mr. Zulfikar Ali Bhutto Government. Benazir Bhutto, much before coming into power, had accepted nationalisation as one of her father's major mistakes. Privatisation, as I said, is the order of the day. It is an international wave. One thing I must say that the Benazir Government would have eventually come around to privatisation, but I think in implementation, the bureaucrats would have run her down. There is one difference where Prime Minister Nawaz Sharif's Government is concerned. His attitude is Let us get down to the job; I will see the summaries later.

VP: Leaving the 'wave' aside, do you think privatisation can deliver the goods in our kind of situation?

AS: Very much so. Very much. Because I feel that with privatisation—for that matter all the utility services like WAPDA [Water and Power Development Authority], telephone and gas all are eventually going to be privatised—the economic infrastructure of Pakistan will become much better. This would give the entrepreneur confidence. He will feel that he has some stake in this country. For instance, if I have 20 percent share in the Lahore to Islamabad road, I will obviously feel differently. This gives me a bigger stake.

Specific areas with the potential of yielding additional revenues of Rs. [rupees] 41 billion to the Federal and provincial exchequers—Rs. 36 billion for the Centre and Rs. 5 billion for the provinces—have been identified by the Resource Mobilisation and Tax Reforms Commission [RMTRC] appointed by the IJI [Islamic Jamhoori Ittehad] Government.

The Finance Minister will certainly draw upon the recommendations of the Commission when he finally sits down to balance the two sides of his budget—revenue and expenditure. But in the tradition of the IJI, more avenues in the field of indirect taxes are likely to be picked up and suggestions in the field of direct taxes will be given a low priority. Recommendations affecting special privileged groups, like feudal lords and industrialists, may be completely ignored.

The main areas for revenue generation for the Federation, in the view of the Resource Mobilisation Commission, are customs (Rs. 11 billion), central excise (Rs. 6.5 bn), and income and wealth tax (Rs. 11 bn).

In the provincial sphere, prospects of additional revenues exist in cases of property tax (Rs. 4 billion), Ushr (Rs. 2 billion), Abiana (Rs. 1.1 billion) and tax on agricultural income (Rs. 3.5 billion).

Import Duty

The Commission does not suggest raising of the import duty tariff. The suggested duty rates are 5 to 10 percent for raw material, 20 to 30 percent on capital and intermediate goods, and 40 to 50 percent on consumer goods. This should be seen in the context of the IMF pressure for reduction in rates and its recommendation to abolish the import surcharge and Iqra.

The Commission, therefore, suggests only improvements in valuation procedure. Elimination of over and under-invoicing alone, in the view of the Commission, will yield Rs. 2.5 billion. Other recommendations are withdrawal of certain exemptions, elimination of multiple concessional rates (e.g., one rate for commercial importer and another for industrial importer), improvement in warehousing, reduction in leakage in transportation, etc.

In the field of Central excise a switchover to capacity taxation alone will yield an estimated Rs. 3 billion and a levy on bank advances another Rs. 2 billion. The textile mills will oppose tooth and nail the imposition of capacity tax and it will not be easy for the IJI leadership to overrule their opposition. The Commission recommends extension of sales tax, on a selective basis, to wholesaler and importers. Measures suggested in this field are expected to yield Rs. 2.5 billion.

Wealth Tax

The Commission feels that another productive area for the purpose of tax is that of income and wealth tax. It recommends withdrawals of exemptions on income from dividends, bank deposits and saving certificates, introduction of a turnover tax on registered firms and corporations at the rate of 0.5 percent, a fixed tax on shops and small establishments, presumptive income tax on orchards and a wealth tax on agricultural land.

In the provincial sphere, four taxes hold great prospects—property tax, Ushr, motor vehicles tax, and presumptive income tax on income from agriculture.

The Commission has identified most of the areas which have the potential for yielding revenues to the beleaguered IJI Government. But the danger remains that it would pick only such items which affect the non-privileged classes.

PPP Said Preparing in Earnest for Elections

91AS0934C Lahore VIEWPOINT in English
9 May 91 pp 11-12

[Article by Adnan Adil]

[Text] The People's Party in the Punjab is making efforts to pick itself up from its demoralising defeat in the general elections last year. A plan is being drawn up to organise the party at the grassroots level to prepare it for the coming local body polls.

This follows a feeling within the party that it needs to strengthen its links with the masses and mobilise dispirited party workers. There was a time until last year when PPP [Pakistan People's Party] offices were centres of political debate and discussion in Lahore's localities. Though in the Punjab the hostile government of Mian Nawaz Sharif had all along been creating hurdles in the way of the PPP, offices morale was high and workers were in contact with the people. Now the situation has sharply changed. Many PPP are shut, while the offices of the Muslim League are working in each and every Lahore street, with its party's local leadership fully exploiting its connection with the administration. People go to the local leaders of the PML [Pakistan Muslim League] for redressal of their grievances regarding the police and even court cases.

Mr Fakhar Zaman says that without the help of the administration, the Muslim League would stand

nowhere. "All the apparent organisation of the PML and the proliferation in its offices are a direct result of patronage by the police and patwaris along with the district administration. The PPP leader says that in contrast to the favours bestowed upon people of the ruling party, PPP activists are being implicated in false and frivolous cases whenever they try to mobilise the masses on a certain issue.

"The Muslim League has never undergone any political struggle and has no overall political orientation. So it can never be organised like a political party," Mr Fakhar Zaman adds. He maintains that the day the PML goes out of power, there will be no PML offices, which he alleges are being funded by smugglers and drug barons.

The PPP leader also cites lack of funds as one of the factors responsible for the PPP's low profile at the local level. He says that PPP workers belong to the down-trodden classes and cannot compete with the PML in terms of flags and banners.

To counter the onslaught of the Muslim League on its popular base, the PPP plans to set up 50,000 primary units in each local body constituency in the province. A constituency comprises 1,500 to 2,000 votes. Nomination of office-bearers in each ward are hoped to be completed by the middle of this month.

Mr Fakhar Zaman sees bright prospects for the PPP in any elections conducted in a fair and just manner. He says: "The PPP still has a lot of potential and is the biggest political party of the province. Let there be a fair election in any constituency of the Punjab—and the PPP will be the winner."

'Hypocrisy' in IJI's Economic Policy Alleged

91AS0934D Lahore VIEWPOINT in English
9 May 91 p 33

[Text] The IJI [Islamic Jamhoori Ittehad] Government, by raising the prices of petroleum and petroleum products, wheat flour, cooking oil, electricity and gas rates and railway fares and freight, all before the budget to put the IMF and the World Bank into good humour, has succeeded in getting foreign aid commitment from the two international institutions and other donors at the Consortium meeting for its 1991-92 budget.

The Consortium has promised \$2.3 billion (approximately Rs [rupees] 53 billion). Finance Minister Sartaj Aziz was in Washington last week prior to the consortium meeting in Paris on 3 May, canvassing support or at least nodding approval of the United States for Pakistan's request for \$2.5 billion for the 1991-92 budget. All this happened despite the Prime Minister's repeated professions of self-reliance and spurning of foreign assistance.

The Difficulty

The difficulty, as far as the World Bank and the IMF are concerned, had arisen from Islamabad's failure to reduce

the budgetary gap of 6.8 percent of the GDP [gross domestic product] to 5 percent, which is considered a safe limit for the economy. The time span originally allowed by the IMF for this adjustment will end next month and the extended period in June 1992. It means that Islamabad must show some semblance of success in the budget which is now on the anvil.

However, the situation has now become much more complicated. The deficit is likely to grow. During the year the Caretaker Government set up by President Ghulam Ishaq Khan had gone wild in its no-holds barred extravagance with the sole objective of defeating the PPP [Pakistan People's Party]. The Sindh Assembly was informed in the current session that the Caretaker Government of Jam Sadiq Ali had employed as many as 15,000 teachers during the three-month period before the elections. The same had happened in other departments.

The new IJI Government continued the ways of the Caretakers to keep the disparate elements of the ruling coalition together. It is still under pressure from the MQM [Muhajir Qaumi Movement] to grant it a blank cheque for recruitment from amongst the 100,000 applicants to whom jobs were promised before the elections. Moreover, the NFC [National Finance Commission] Award has transferred Rs 22 billion net from the Federal kitty to the provinces whose finances had been in bad shape.

In addition, there is going to be an increase of Rs 9 billion in debt-servicing from Rs 68 billion to Rs 76.7 billion and a rise in defence expenditure of at least Rs 7 billion (from Rs 63 billion to Rs 70 billion) only to keep it at the present level in real terms. In previous years, an increase of 10 to 12 percent has been the norm. On that basis, there may be an increase of Rs 12 to Rs 14 billion in absolute terms in other heads of expenditure. The size of the next year's budget is thus likely to increase by Rs 30 billion at the current level of spending.

To this increase, Rs 29 billion (transfer of revenues under the NFC Award to provinces) are to be added. The cumulative deficit in the Federal budget at the current level of spending may, therefore, rise to Rs 60 billion. The Government has already raised gas and electricity rates and railway fares and the prices of petrol and petroleum products, wheat flour and cooking oil. All these rates and prices used to be determined by the budget. The proposals along with estimates of receipts used to be submitted to the National Assembly and approved by it. But the IJI Government, despite having a three-fourths majority in the Assembly, raised these charges and prices which are expected to yield between Rs 25 and Rs 30 billion without taking the Assembly into confidence.

While indirect taxes which were already 12 percent of the GDP have been raised right and left, additional exemptions have been allowed in direct taxes which are

only 2 percent of the GDP. In any progressive society the ratio of direct and indirect taxes is quite the reverse.

In order to meet its reckless spending, the IJI Government has resorted to bank borrowing which aggregated up to April Rs 35 billion—seven times in excess of the budgetary estimates. The increases in rates, prices and bank borrowings have stoked the flames of inflation which is running at between 12 to 15 percent. In June last year the inflation rate was 6 percent; it registered a rise of 150 percent in 10 months of President Ghulam Ishaq Khan's Caretaker and the IJI's regimes. And still, the Prime Minister declares that he will not add to the burden of the common man.

The Finance Minister is in great difficulty in balancing his budget. He may have to come up with proposals to mobilise an additional Rs 30 billion. He cannot touch the income of the feudal lords which the President and the Prime Minister have vouchsafed to protect. He cannot touch the income of the industrialists and commercial magnates who have been granted fresh exemptions. He cannot question the smugglers, drug and arms traffickers as they have already been given amnesty and tax exemptions.

The only sections who are going to bear the brunt of impending taxation are the urban middle classes. Certain exemptions in respect of income tax and wealth tax affecting the middle classes exclusively may be withdrawn and indirect taxes may further be increased in the name, popularised by former Finance Minister Ghulam Ishaq Khan, of rationalisation. This will be viewed by many as the end of the IJI Government's professions about the common man's interests.

As regards self-reliance, another favourite slogan of the Prime Minister, the Finance Minister is running about with a begging bowl, extending all kinds of assurances and promises. Dependence on borrowing—external and internal—in the next year's budget, in absolute terms, will not be less than before. The only change that the IJI Government has brought about is the introduction of hypocrisy, which was rampant in social and religious matters, in the State's economic policy. The slogan of self-reliance and the common man's interest sharply contrast with the begging for aid and the increase in rates, prices and indirect taxes and inflation.

Fertility Rate Among World's Highest

91AS1057B Karachi DAWN in English 29 May 91 p 8

[Boldface words as published]

[Text] Islamabad, 28 May—With population of the country increasing at a compound rate of 3.1 percent per year, Pakistan remains amongst the countries with high fertility rate, says the Economic Survey 1990-91 issued on Tuesday.

The fertility rate, estimated at 6.5 per woman (the number of children born to a woman during her reproductive span of life) is to be among one of the highest in the world.

The population of Pakistan on 1 January 1991 was estimated at 113 million and if the present growth remains unchecked it is expected to surpass 150 million mark by the year 2000.

Pakistan's population in 1951 was only 33 million, in 1961 it stood at 42.9 percent; in 1972 it was 65.32 million; in 1981 it rose to 84.25 million and in 1991 it has reached an alarming figure of 113 million.

Crude death rate in 1988 was estimated at 10.8 deaths per thousand persons as against 10.5 in 1987.

Infant mortality rate in Pakistan was estimated to increase from 103.9 per thousand in 1987 to 107.7 during 1988. This, the survey said, perhaps indicates the decline index of socio-economic conditions, status of hygiene and availability of medical services.

Dependency ratio, particularly youth dependency ratio (proportion of children under 15 and old persons aged 65 and above to the population between 15 years to 64 years) were very high in Pakistan. The dependency ratio in Japan was 47 in 1985 compared to 100.5 in Pakistan in 1988.

According to 1981 census, the density of population which was 106 persons per square kilometer is estimated to have risen to 142 persons in 1990. Punjab remained the most populous province having 56.1 percent of the total population followed by Sindh 22.6 percent; NWFP [North-West Frontier Province] 13.1 percent and Balochistan 5.1 percent.

Rural-urban distribution of population in the provinces does not give the latest position because the survey quotes the figures of 1981 population census, which more or less, have become irrelevant because of the large-scale migration during the last decade not only from rural to urban areas but from one province to another.

Population Planning: On the population welfare programme, which is yet to produce any results, the Government spent about Rs.[rupees]597 million out of which Rs. 422 million were utilised by March, 1990. The contraceptive performance surpassed the target in respect of condoms and oral pills. Other methods could not achieve more than 50 percent target.

The survey said that research institutes were conducting research on clinical aspects of the programme, experimenting new contraceptives/approaches to accelerate acceptance of family planning.

Urban Growth Termed 'Time Bomb'

91AS1057C Karachi DAWN (Supplement) in English
28 May 91 pp 4-7

[Article by Najma Babar: "Urban Population Bomb Ticks Away Toward Disaster"]

[Text] Pakistan is among those countries whose urban population is already showing an exponential curve. Three factors are known to contribute to rapid urban growth—natural birth rate, net migration and reclassification of rural areas to urban areas. Five major urban centres of Pakistan are: Karachi, Lahore, Faisalabad, Hyderabad and Peshawar. From 1972 to 1981 (the year of the last census) the urban population of Pakistan has risen from 25 percent of the total to 28 percent. It is estimated to go up to 40 percent by the end of the century. This uncontrolled urbanisation has led to a breakdown of urban services. Innumerable problems have arisen due to water shortage, lack of sewage disposal facilities, shortage of housing which has given rise to squatters' colonies, gradual breakdown of law and order, uncontrollable crime rate, growing unemployment, etc. There is no remedy to these problems in sight, yet the growing population of our cities is creating new problems. Are we heading towards a crash of 1999?

The first urban settlement in Asia, Moenjodaro in the Indus Valley was a model of careful town planning. Ironically many centuries later, in the same part of the world cities are nearing collapse because of bad planning, short-sighted policies and criminal neglect.

According to a report on "Community Development Groups in the Urban Field in Pakistan," prepared by Arif Hasan and Associates, the population of the above mentioned five cities of Pakistan registered an increase of 3.683 million in the seven years between 1981 and 1988, at an average growth rate of 3.67 percent. In Karachi alone during 1972 and 1981, 700,000 migrants moved in.

It is estimated that between 100 and 150 thousand people migrate to Karachi every year. The annual birth rate in the city is 2.6 percent and migration from other areas accounts for an increase of 3.4 percent, which makes for an annual growth rate of 6 percent for Karachi, according to the figures provided by the Mayor of the city. If the present trend of unfettered urbanisation continues, the city which has a population of around 8 million today, will in the year 1999, have a population of between 11 to 15 million. Lahore's population has crossed the five million mark.

The massive migration to cities results in a host of problems beginning with shelter. The families who come to the cities first have to find a place to settle down before they set out in search of employment. Since there is no provision in the existing housing plans to accommodate these migrants, they look for vacant plots to

occupy. In this way squatters' colonies spring up sometimes overnight, creating a host of serious problems for the city authorities.

About two million residents, over one third of the population of Karachi live in squatter settlements or shanty towns that have come to be known as katchi abadis. Apart from this, there are large areas which do not come under the strict definition of slums but are devoid of basic facilities. Similarly according to one estimate, 25 percent of the population of Hyderabad, 13 percent of Lahore, 60 percent of Faisalabad and 2 percent of Peshawar live in katchi abadis. Though Peshawar has only 2 percent living in katchi abadis, it is estimated that about 50 percent of the population lives in areas which are devoid of facilities and come under the definition of katchi abadi.

These katchi abadis in most of the cases do not spring up spontaneously but result from well-thought-out schemes of land grabbers. At first people are settled on empty plots which are generally government-owned lands. Then with the connivance of local officials, facilities in the form of electricity, water are provided to them. [sentence as published] This does not prove to be too difficult a task because most of the squatter settlements spring up near established settlements. The diverting of electricity and water, however, does put extra burden on the supplies to the detriment of the citizens, from whose share these facilities are diverted. Since these colonies have no legal status an informal sector develops in this area in which the middle man emerges as the most important person. It is through him that eventually some of the squatters colonies have been legalised. It is through him that facilities are acquired, land is bought and in many cases, he is the one to provide the means of income. Such deals are not possible without the involvement of State officials or the police.

The residents of these squatter colonies are usually low-income groups, shoeshinemen, rickshaw drivers, street vendors, piece workers, etc. They have learnt by experience that any type of work can be carried out through illegal means. Besides, most of these colonies are ethnically homogeneous, where residents stick together in fair or foul. Much of the drug money is also harboured in this area, and the drug ring leader lends money to the poor in times of need. He gets his repayment by involving the members of the community in drugs proliferation and drug-related crimes. In the final analysis, the katchi abadis also become hot beds of crime, which because of the homogeneous nature of the community proves to be beyond police control.

The fast growth of the cities causes a major strain on the civic facilities also. Water is always in short supply specially in Karachi. Only 82 percent of households in the planned areas of Karachi manage to get piped water. In the katchi abadis only 46 percent have access to piped water. Thirty-one percent of Faisalabad and 65 percent of Lahore have a piped water supply. At present there is a shortage of 100 million gallons of water per day in

Karachi. By the time the authorities are able to meet this shortage there will be a demand for much more. In this way there will be a perpetual shortage.

In Karachi every household does not have electric connections. In planned areas 93 percent and in katchi abadis, 72 percent have electric connections. In the other major cities of Pakistan electricity has not yet been provided to all the households even in the planned areas. The load on electricity can already be felt in the form of major breakdowns, power cuts and load shedding particularly during the summer months.

Growth in population also adds to the severity of the problem of sewage disposal. The sewerage system is generally non-existent in katchi abadis. Sewage is collected by sweepers and thrown into open plots, in dry drains or nullahs. Only 53 percent of Karachi households have proper sewage disposal facilities.

The collection of garbage and sewage gives rise to epidemics and diseases, most common of which are malaria, diarrhoea and typhoid. Due to the shortage of medical facilities we have not yet been able to control the infant mortality rate which is 85 per thousand for Karachi and 128 per thousand children for Faisalabad. Most of the diseases are water-borne. One of the reasons for water contamination is the fact that the sewage which has been left for too long on the ground seeps into the subsoil water. The water that is extracted from hand pumps often contains this contaminated water. The sewage discharged into the nullahs and open drains also finds its way into the water supply pipes due to the proximity of the water and sewerage lines and because of defective water pipe lines.

Since the existing facilities are not enough to cater for the population at present, and there is hardly any chance that this state of affairs will improve, sociologists are of the opinion that the infrastructure of the cities will not be able to cope with the rising population and there will be a crisis situation soon. Besides the lack of clean drinking water, electricity and proper shelter, the overcrowded slums will create an environment detrimental to the healthy growth of civic life. The untreated sewage, the traffic congestion on the roads, the rising number of disabled, and sick due to unhygienic conditions and shortage of health care, the rising crime rate created by unemployment of youth will all spell disaster for our cities. All development that has been done in the fields of education, and health care will also come to nothing in the face of an enormous population explosion.

The civic authorities, ruled by technocrats who fail to respond to the needs of a population they cannot identify themselves with, are unable to solve the problems. They cannot interact with the representatives of the people. There is no accountability, therefore no sense of responsibility. The executives of the municipal corporations have the power to over-rule the decisions of the people's representatives, who are answerable to their electorate.

In our feudal-dominated assemblies, the voice of the urban representatives is seldom heard. The urban representative has no say in policy making bodies and cannot satisfy his constituents.

Unless overall plans are chalked out for controlling the flow of population into urban centres by giving land to the landless, developing rural industries in small market towns, and providing opportunities for employment to the rural youth nearer home the crisis caused by the exponential growth of the urban population cannot be checked. An effective family planning programme aimed at curbing the birth rate is an unavoidable necessity. For their part the cities that have been already bursting at the seams must acquire imaginative and well-thought-out master plans to contain the snow-balling crisis of overpopulation. Disaster is certain to strike if crisis-management is not undertaken straightaway and if no advance planning is done to absorb the pressures the immediate future will bring.

Government Urged To Curb Chaos in Transport

91AS0934A Lahore VIEWPOINT in English
9 May 91 p 6

[Text] Last week's heavy toll of death in what are described falsely as traffic accidents can only be seen as the result of homicidal driving, spurred by manic greed. First, a wagon driver looking for fares on a busy Lahore street overran a batch of young school boys, killed one, maimed two, and caused serious injuries to four others, because he was in a desperate hurry to get ahead of competitors to pick up passengers he had sighted. Four days later, on the Lahore-Sheikhupura run, while overtaking the other vehicle at the wrong time and the wrong place, a speeding, overloaded wagon collided with a passenger bus; as a result, at least 21 persons were killed and many more injured. Later in the week, while travelling from Leiah to Multan, a passenger bus was involved in a head-on collision with a truck; 11 persons were killed and a great many badly hurt. This is a fair sample of what happens on the Punjab's highways almost every week.

Public leaders and newspapers will duly lament the wanton loss of life and limb, call for immediate action to overcome the anarchy on our roads, and demand severe measures to punish the drivers whose disregard of the rules of the road and ordinary prudence gives Pakistan what many experts consider to be the world's highest accident death rate. Perhaps, someone in authority will

even issue instructions that due compensation should be paid to the families of the bereaved, and doctors will be reminded of their Hippocratic oaths to give the best possible treatment to the injured. If other pre-occupations do not divert Government's attention, an inquiry committee of some sort may also be appointed to demonstrate its genuine concern about the problem. Then, gradually all the noise will die down, and people will begin to forget what happened in the first week of May, until they are presented by the newspapers with another gory example of death on the roads—perhaps, later this month or next month.

The factors responsible for the random killing on our roads have been listed often enough by official committees, traffic experts, concerned citizens, and interested newspapers. The problems are well known, such as the rise in vehicular traffic without the required improvement in our roads, poor planning and poor construction, the virtual absence of proper traffic control, the fact that the traffic police force is inadequate in both numbers and training, and, what is worse, it is considered almost as corrupt as any other lucrative Government department. Then, with the drive for denationalisation, many private companies and groups have entered the transport business. Not all of them are genuine entrepreneurs, and many wagons and buses are said to be owned by Government officials, mostly police officers. The drivers of these vehicles consider themselves to be specially privileged to break the law with impunity, and they do so. There also seems to be a total lack of proper training and discipline among those who are entrusted to drive public transport; licences for commercial driving, it is said, can be had for the asking—at a price.

Then, every transporter, including some of those who manage Government-owned services, seem to be driven by a desire to make money—as much as possible, as quickly as possible. Therefore, just as the vehicles are overloaded, the drivers are persuaded to make more trips than can be done safely and many are grossly over-worked. It is common knowledge that in order to overcome fatigue, many drivers become drug addicts, and this obviously affects their judgement and can cause fatal accidents. Further, there seems to be no system for regular checks on the health of drivers, their vision, sense of judgement and balance, and on their being free of any dangerous addiction. All this adds up to a state of chaos in public and commercial transport, which can easily be put right if the Government could make the required effort. Perhaps it will do so if there is a concerted public demand, voiced by political and social organizations genuinely interested in public welfare.

NTIS
ATTN: PROCESS 103
5285 PORT ROYAL RD
SPRINGFIELD, VA

2

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.